

**USAID/Asia and the
Near East Regional**

**Results Review and Resource
Request (R4)**

July 2001

Please Note:

The attached FY 2002 Results Review and Resource Request ("R4") was assembled and analyzed by the country or USAID operating unit identified on this cover page.

The R4 is a "pre-decisional" USAID document and does not reflect results stemming from formal USAID review(s) of this document.

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MEMORANDUM

To: Bill Jeffers, ANE/SPOTS

From: Delbert McCluskey, Chief, Regional and Special Programs

Subject: USAID/ANE Regional Results Review for FY 2003

Attached is the Resource Review and Resource Request for the ANE Regional Programs.

PART I: OVERVIEW

Introduction

ANE regional programs respond to crucial elements of U.S. foreign policy and international affairs goals, including fostering a comprehensive peace in the Middle East; ameliorating the Asian financial crisis; promoting democracy, human rights, and the rule of law; and addressing poverty, regional instability, and climate change in South Asia. In achieving their objectives, the regional programs engage a broad range of partners in implementation, including private voluntary and local nongovernmental organizations (PVOs and NGOs), international organizations, other U.S. Government agencies, regional institutions, and other donors.

The program objectives, accomplishments and key partners are outlined in the following individual program reports.

PART II: RESULTS REVIEW BY STRATEGIC OBJECTIVE

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Accelerating Economic Recovery in Asia, SO 498-001

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Economic Prosperity

Link to USAID Strategic Framework: 1.1 – Private Markets expanded and strengthened; 1.3 – Access to economic opportunity expanded and made more equitable

Summary: Much work remains to be done to help countries most affected by the Asian Financial crisis that have yet to resolve the deeply rooted systemic problems that paralyzed their economies in 1997 and 1998. In the 1990's Southeast Asian economies grew 7% to 8% a year on average. Projected gross domestic product (GDP) growth in 2001 for Southeast Asia is 4.2%. Gains in regional equity prices and currency values posted in 1999 were largely wiped out in 2000 due to the downturn of the American economy, and the rapid fall-off in the growth of electronics demand, which account for as much as 37% of regional GDP. Not only have currency inflows to Southeast Asia shrunk from \$13 billion in 1999 to \$9 billion in 2000, but there was a net outflow of \$22.5 billion in 2000, most of it in debt repayment. Slow progress in corporate restructuring will continue to be a drag on economies in the medium term. Although progress was made to restructure corporate sector banking in 2000, much remains to be done. For example, many non-performing loans were removed from banks' books only to be transferred to publicly owned asset-management companies where they are still sitting. Moreover, politics in Southeast Asia in the last year have grown more volatile in the Philippines, Indonesia and Thailand, which raises the risk premium on investments.

USAID's Accelerating Economic Recovery in Asia (AERA) initiative has focused its five-year "relief-recovery-reform" approach initially on Indonesia, Thailand, and the Philippines. This past year, efforts were extended to Vietnam. AERA has three key objectives: (1) creating and saving jobs; (2) improving the targeting and coverage of safety nets; and (3) improving economic governance.

Key Results: The AERA program initiated activities in Indonesia and the Philippines in July 1999, and in Thailand in October 1999. AERA-funded activities provided technical assistance to the governments of Indonesia and the Philippines in drafting and enacting legislation that support reform packages negotiated with international financial institutions. In Indonesia, resistance to deeper reform has impeded significant progress on bank and enterprise restructuring. Nonetheless, USAID technical assistance to the Jakarta Initiative Task Force facilitated the execution of debt restructuring deals for about 18 companies valued at \$625 million. USAID activities also contributed to the objectives of improved corporate and public governance. In the Philippines, AERA activities supporting the strengthening of the Securities and Exchange Commission resulted in the adoption of procedures for securities investigation, as well as new rules for adjudication of corporate recovery. In Indonesia, USAID-funded activities contributed to the adoption of four key laws, decrees and regulations in 1999. These measures include: the critical competition law that defines rules for competitive behavior by firms; anti-corruption law; arbitration law; and secured transactions law. This last law provides a previously lacking legal basis for registering secured interests in assets used as collateral.

Performance and Prospects: AERA activities are closely linked and coordinated with World Bank and Asian Development Bank crisis response efforts. The AERA program focuses on the technical assistance and training that complement ongoing structural adjustment loans funded by the International Monetary Fund or multilateral development banks. This close coordination will enable the program to have a significant impact, particularly in the areas of competitiveness, economic governance, financial and corporate debt restructuring. The program is working in a number of key areas in Indonesia, the Philippines, and Thailand. For example:

- 1) The program established a center in Bangkok in December 1999 that advises small and medium sized enterprises (SME) on debt restructuring and restarting their operations. This organization has assisted more than 200 Thai businesses to diagnose and resolve their business problems.
- 2) AERA funded commercial bank training for approximately 3,000 executives and staff from 12 Thai-owned banks has taken place. This training will help them reform and strengthen its bank supervision and on-site examination policies and procedures.
- 3) With AERA assistance, Indonesia and the Philippines have undertaken legislative reforms in areas such as competition law, government procurement, consumer protection, arbitration and secured transactions.
- 4) An AERA-funded grant to the U.S. Chamber of Commerce developed a U.S.-Thai SME matching facility that has generated over 3,600 matches, and over \$50 million in negotiated business.

Possible Adjustments to Plans: Starting in FY 2001, funds will be obligated and activities will be reported under the new regional strategic objective "Encourage Economic Growth" (498-023). Also, in FY 01, given the evolution of development strategies in Indonesia and the Philippines, ANE opted to increase the budgets for these respective development programs rather than continue to direct resources for financial recovery programs through AERA. While activities initiated under AERA in both of these countries will continue, the results for these programs will be reported in the Philippines and Indonesia R4 reports.

Other Donor Programs: The World Bank, Asian Development Bank, International Monetary Fund and other bilateral development agencies have pledged more than \$58 billion to help Indonesia, Thailand and the Philippines recover from the crisis. Most of these resources have taken the form of cash transfers to help the countries meet foreign exchange obligations. Although these resources have provided critical assistance and have supported essential policy and legal reforms, they have not delivered the necessary technical assistance and training to help the countries implement the policy changes. Thus, the AERA initiative complements other donor assistance by providing the technical expertise and training that will be essential to fully implement the reforms needed for economic recovery.

Principal Contractors, Grantees, or Agencies: AERA activities are being implemented through procurement instruments with; the Kenan Institute Asia, U.S. Department of Treasury, U.S. Chamber of Commerce, U.S. National Committee for Pacific Economic Cooperation, Deloitte Touche Tomatsu, Development Alternatives International, Robert Nathan Associates, KPMG Peat Marwick, American Center for International Labor Solidarity, U.S. Department of Commerce and The Asia Foundation.

Selected Performance Measures:

	Baseline (2000)	Target (2001)	Target (2002)
Cumulative value of debt workouts completed by the Jakarta Initiative Task Force (percentage increase in real terms)	3 billion	6 billion	6 Billion
Reduction in bank non-performing loans in the Philippines (as % of total loan portfolio)	12.48%	TBD	TBD
Number of key legislative and/or administrative reform measures in corporate and financial governance enacted or amended			
-- Indonesia	4	7	7
-- Philippines	7	7	7

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Fostering Resolution of Water Resources Disputes, SO 498-002

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 5.3 – Sustainable urbanization promoted; 5.5 – Sustainable management of natural resources increased; 4.2 – Infant and child health and nutrition improved and infant and child mortality reduced

Summary: In the Middle East—the driest region in the world—water demand is growing fast due to population growth, agricultural use, and increasing urbanization and industrialization. This is reducing water availability to crisis levels. Increasing scarcity may intensify water conflicts among competing uses and among countries, leading to instability and conflict and posing serious and direct threats to U.S. national interests in the region.

The ANE Bureau's Fostering Resolution of Water Resources Disputes (FORWARD) activity helps governments and key stakeholders in the Middle East to reach agreement on equitable and sustainable strategies, policies, and plans for managing scarce water resources. The absence of effective mechanisms to resolve water disputes collaboratively is a key reason for many environmental, economic, social and political problems in the Middle East. FORWARD departs from traditional quality- or quantity-oriented water resource projects by providing a mechanism for resolving water disputes between parties with divergent or competing interests, addressing long-standing national and local domestic water issues.

Key Results: In the Middle East, FORWARD has enabled USAID field missions to engage the highest levels of host country governments directly on the most critical water policy and technical issues that they face. Notable achievements include costing water and wastewater services for tariff restructuring in Egypt, increased privatization and decentralization in the water sector in Jordan, improved aquifer management in Gaza, and support for reconstruction in Lebanon.

Performance and Prospects: FORWARD is entering a period of transformation. As it begins its final year of operation, FORWARD has active programs in Egypt, Jordan, West Bank/Gaza, Lebanon, and Morocco. They cover most of the major policy and technical issues facing the water sector in the Middle East, including water pricing and tariff restructuring, watershed management, private sector participation, decentralization, stakeholder participation, aquifer management, and water quality degradation.

In Jordan, FORWARD completed the first phase of a strategic planning program for the Jordan Valley Authority (JVA). JVA officials worked closely across divisions with each other for the first time, and with FORWARD through technical working groups that conducted water resources, management, and stakeholder assessments and developed a final volume on strategic issues facing the agency. This report forms the basis for the second phase of the program, the development of the strategy. More importantly, it reflects a broad-based participation from JVA staff, which is unique in JVA's history. The World Bank has accepted the effort as the basis for its own much larger program to develop action plans and projects for the valley.

FORWARD continues to implement the Financial Accounting Systems Program in JVA, which is shifting the authority from a cash-based to an accrual-based accounting system. This shift will dramatically affect how JVA conducts daily business and is a critical, first step in reaching commercialization targets. During the period, FORWARD worked with JVA in mapping its business and computer processes. These assessments were used to prepare a redesign of JVA systems. Through leadership and change management training for senior JVA officials and intensive accounting and computer training for hundreds of JVA staff, the authority is well placed for change. FORWARD is now installing Oracle Financials, the software package that will support the transition.

FORWARD has worked closely with senior management of JVA and the Ministry of Water and irrigation to develop options for irrigation water tariff increases then assist the ministry in choosing which scenario

to present. The Cabinet approved the proposal, which is now in Parliament for final approval. This intervention grew directly out of FORWARD's development of a cost-tariff model for irrigation water.

In Egypt, FORWARD is conducting detailed financial analysis of six water authorities as part of its debt restructuring to address the crippling financial burden placed on water authorities when they receive loans for infrastructure development from the Ministry of Finance. FORWARD works with an oversight committee whose members represent every major stakeholder in the water sector. The final legal document, to be developed in the coming months, will require government and presidential approval.

In Morocco, FORWARD conducted a feasibility study on water resources data harmonization in the Souss-Massa Basin, the site of the mission's major new integrated river basin management program. This study examined the existing water resources databases of the major different regional entities and assessed the prospects for data sharing. The work was very well received by the government and mission and was the basis for a major new program on data harmonization. The new program has begun and already provides concrete evidence of interagency collaboration and sets the stage for the full mission program on river basin management.

FORWARD developed a framework for a water conflict prevention program for South Lebanon, in the formerly occupied security zone along the Israeli border. The proposed program's several components include an assessment of transboundary issues, water resources data and private sector participation initiatives, and collaborative planning and conflict prevention initiatives in villages and village clusters.

In 2000, FORWARD became involved in transboundary water issues. It held a well-received workshop for USAID staff from Asia and Near East missions on building public-private partnerships in the water sector, and is reviewing private sector development infrastructure funds, and their appropriateness for USAID investment in the follow-on activity.

More recently, FORWARD is working with the World Bank's Nile Basin Initiative, bringing together the ten riparian states to jointly plan projects along the run of the river. FORWARD will conduct a negotiations skills training program for riparians, and will carry out a major modeling effort on Lake Victoria to serve as the basis for renegotiating a treaty between Uganda and Egypt governing releases from Owen Falls Dam. Through these and other activities, FORWARD provides the only mediation and collaborative planning expertise to the initiative.

Possible Adjustments to Plans: The FORWARD contract was extended one year at no cost to permit the orderly conclusion of ongoing activities; it is now scheduled to terminate on March 31, 2002. Starting in FY 2002, funds for regional water resource management activities will be obligated and activities will be reported under the new regional strategic objective "Environment Managed for Prosperity and Sustainability" (498-024).

Other Donor Programs: Given the urgency of addressing the Middle East's water needs, other donors such as the World Bank, European Investment Bank, Japan, France, and Germany furnish significant levels of assistance to improve national and regional water sector development, planning and management. This support will help improve and upgrade irrigation networks, rehabilitate and expand water distribution networks, and improve and expand collection, treatment, and disposal of wastewater.

FORWARD takes a different approach by recognizing that water problems often involve legitimate disputes between parties with divergent or competing interests, and helping them to reach agreement on important water issues through a mixture of mediation and technical support to stakeholders, and strengthens institutional capacity for collaborative problem-solving and consensus building. These efforts complement the work of other donors.

Principal Contractors, Grantees, or Agencies: The principal contractor is Development Alternatives, Inc.

Selected Performance Measures:

	Baseline (2000)	Target (FY 2001)	Target (FY 2002)
Number of agreements on track for implementation	7	7	8
Number of agreements reached	8	8	9
Number of host country institutions employing collaborative problem solving in their operations	3	4	5
Number of host country nationals serving as co-mediators	12	15	18

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: North Africa Regional Trade and Investment Initiative, SO 498-003*

Operating Unit Self-Assessment: Weak performance

Link to U.S. National Interests: Economic Prosperity

Link to USAID Strategic Framework: 1.1 Private markets expanded and strengthened;

Summary: The United States has a strong strategic interest in the stability and prosperity of North Africa. Instability there could threaten many key allies and disrupt the flow of vital natural resources to the U.S. The goal of the North Africa Trade and Investment Initiative is to increase sustainable economic growth in the region and expand United States trade and investment in North Africa. The Initiative is a multi-agency effort to address the legal, policy and regulatory constraints to increasing trade and investment in North Africa. Assistance will include short-term expert consulting and workshops for public and private sector entities in North Africa—primarily Morocco, Tunisia, and Algeria (the Maghreb region). The beneficiaries will be local industries and industry associations, foreign investors, and host country government institutions.

Key Results: The expected results are reforms in regulations, procedures and policies that improve the trade and investment climate in North Africa, and the establishment of an Internet-based network to match business opportunities in North Africa with businesses in the U.S. These results should lead by the end of the activity to increased trade among the three Maghreb countries and with the United States. Work is underway in Morocco, Tunisia, and Algeria to strengthen commercial law, promote U.S.-Maghreb university partnerships, provide business training, develop debt markets, and promote the development of internet and communications technologies. Internet connections between Chambers of Commerce in the Maghreb and U.S. businesses have been established through USAID's Global Technology Network.

Performance and Prospects: Overall program performance is difficult to measure given the manner in which this program is implemented through interagency agreements with other USG Departments. Activities undertaken in FY 2001 will include efforts to improve the investment climate in Morocco via continued work to rationalize access to land and restructure the tourism sector. In Algeria, efforts will focus on helping to prepare the country for accession to the World Trade Organization. In Tunisia, funding will support training and university linkages, and continued operation of the Global Technology Network. Support for development of Internet and communications technologies will continue in all three countries.

Possible Adjustments to Plans: Starting in FY 2001, funds will be obligated and activities will be reported under the new regional objective "Encourage Economic Growth" (498-023).

Other Donor Programs: The World Bank and European Union have large programs dedicated in part to improving conditions for trade and investment in the three Maghreb countries. The largest World Bank program will be in Morocco, where a \$500 million multi-sector Policy Reform Adjustment Program and a sector-specific adjustment program are planned for joint World Bank and African Development Bank financing. This program will begin with a \$200 million telecommunications reform package. World Bank assistance in Tunisia includes funding for foreign investment promotion, service sector liberalization, and export development. In Algeria, the World Bank is preparing studies to promote privatization. The European Union has an extensive program to improve ties with the Maghreb, through agreements that may lead to a Euro-Mediterranean Free Trade Area by the year 2010. USAID will coordinate activities with other development partners to promote favorable conditions for private sector investors and to assure that U.S. businesses are not disadvantaged.

* According to the FY 2001 Department of State Congressional Presentation, this activity is budgeted under "U.S.-North Africa Partnership."

Principal Contractors, Grantees, or Agencies: In addition to a large number of existing USAID Global Bureau pre-qualified contractors, consultants from U.S. agencies such as Customs, Commerce, and Treasury will be utilized to provide short-term technical assistance.

Selected Performance Measures:

	Actual (2000)	Target (2001)	Target (2002)
Maghreb-US private sector business linkages developed through the Global Technology Network	1	5	8
Increase in volume of trade between U.S. and the Maghreb	1%	2%	2%

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Program Development and Learning, SO 498-007*

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues

Summary: In FY 2001, Program Development and Learning (PD&L) activities will support the Agency's goal areas of economic growth; population, health and nutrition; environment and energy; democracy and governance; and human capacity development. PD&L supports Asia and Near East (ANE) programs, in presence and non-presence countries to develop and refine strategies; advise on sectoral issues; support bilateral and regional programs; analyze and identify problems and new opportunities for development assistance; and facilitate compliance with Agency and U.S. Government reporting requirements. Child Survival and Disease (CSD) funds will be used for technical analyses, data collection and dissemination to guide and refine future population, health and nutrition programming in the ANE region. PD&L activities undertaken by missions with their funds will be notified under separate Congressional Notifications. PD&L resources are critical to developing and pilot testing new avenues of support that emphasize key ANE regional and sub-regional issues. Often, full-fledged programs have evolved. For example, since 1999 PD&L activities have supported the development of major program initiatives including the North Africa Regional Trade and Investment Initiative, South Asia anti-trafficking activities, South Asia Regional Initiative in energy, and a regional infectious disease strategy. PD&L funding also enables the U.S. to provide strategic leadership and state-of-the-art expertise to meet a growing number of ANE non-presence country needs and to respond to regional and cross-border issues.

Key Results: PD&L funds have enabled ANE to:

- Review the principal environmental and natural resources conditions and trends in South Asia and assess the prospects for more sustainable development in the region through appropriate donor-funded policy and institutional reform;
- Initiate Internet for Economic Development activities in countries in Asia and Near East. The activities focused on policy assistance in the field of e-commerce, regulatory assistance, design and implementation of hi-tech parks and information kiosks, e-commerce workshops, capacity development for information and communication technology professionals, and connecting USAID non-governmental organization partners via the Internet;
- Identify projects and programs appropriate for U.S.-Japan cooperation such as work with The Nature Conservancy to support environmental programs in the Philippines and Indonesia. The Philippines environmental program has been held up as a model of U.S.-Japan cooperation;
- Address strategic and priority issues in population, health and nutrition sectors. Activities in FY 2000 included: a) developing and maintaining a regional and sub-regional health and demographic information database to track common trends across countries; b) helping Cambodian public health decision-makers study Thailand's integration of health workers into successful HIV/AIDS programs, thereby fostering improved communication between decision makers of the two countries to better address the growing HIV/AIDS health issue in the region; and c) ANE completing a major study of population momentum and aging in seven Asian countries to help countries of the region plan for the broad economic impacts that are expected as a result of this demographic trend;
- Improve the quality of USAID country strategic plans and increase the integration of USAID activities into the broader scope of U.S. Government assistance in the region;
- Respond to opportunities and unforeseen needs where political issues or limited technical capacity constrain bilateral missions; and
- Respond rapidly to non-presence country demands, e.g., designing new programs in Pakistan and Yemen.

* Formerly titled "Regional Development and Support."

Performance and Prospects: The proposed FY 2001 obligation is \$10.561 million in DA (including \$1.321 million in FY 2000 carryover) and \$1.535 million in CSD. In addition to providing ongoing support for field mission and non-presence activities in Asia and the Near East, FY 2001 PD&L funds will:

- Improve the capacity to design microfinance programs throughout Asia and the Near East;
- Develop new conflict prevention activities in South Asian countries to include broadcast media, internet access and the role of individuals and institutions as peace-building tools;
- Analyze and recommend areas to address the major environmental and natural resource problems threatening sustainable economic development such as deforestation, national and transnational water management;
- Provide analysis and advice to countries of the region on health financing strategies and health policy dialogue;
- Analyze the trends toward urbanization and their concomitant social and economic implications;
- Provide expertise in democracy and governance to bilateral programs and State Department units in order to maximize the effectiveness of available democracy/governance funding; and
- Improve investigative journalism and media management skills in Cambodia and Indonesia.

Possible Adjustments to Plans: PD&L activities are short-term, determined annually, and adjusted based upon current priorities and demands.

Other Donor Programs: PD&L-funded activities and expertise are used to improve USAID bilateral programs and activities, and foster linkages with other donor efforts. These efforts ensure good coordination with the World Bank, The Asian Development Bank, European Union, and Japan.

Principal Contractors, Grantees, or Agencies: The U.S. Department of Agriculture; Management Systems International; PricewaterhouseCoopers; DevTech; Academy for Educational Development; Johns Hopkins University; the University of Michigan; the Jorge Scientific Corporation; Abt Associates, Inc.; John Snow, Inc.; and Western Kentucky University/InterNews.

Selected Performance Indicators:	Baseline (1999)	Actual (2000)	Target (2001)	Target (2002)
Cum. number of regional trade and investment, energy, microfinance, capacity building activities designed	1	2	4	4
Cum. number of formative research studies completed on the impact of urbanization, migration and aging on Asian health and social services	0	0	2	2
Number of annual innovative approaches and best management practices developed and disseminated to address critical environmental problems*	1	3	4	3
Cum. number of Department of State/USAID ANE democracy and governance strategies developed	0	2	4	6

* Target estimates include: 1) management assessment of ANE urban programs; 2) environmental conditions and trends analysis for Cambodia; 3) a Middle East conference on energy cooperation; and 4) developing an integrated environmental strategy.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Asia and the Near East Regional HIV/AIDS, SO 498-008

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 4.4 HIV transmission and the impact of HIV/AIDS pandemic in developing countries reduced

Summary: The Asia and Near East Regional HIV/AIDS program piloted and promoted best practices in preventing HIV transmission and providing care to AIDS victims and their families. The program supported bilateral programs, as well as efforts to tackle the growing dimensions of the disease that are transboundary in nature.

Key Results: This activity was completed in FY 2000 and was replaced by the new, expanded objective ANE Regional HIV/AIDS and Infectious Disease Program (498-029). The final year of obligation was FY 1999; those FY 1999 funds were reported as expended in FY 2000. This activity is included in the FY 2002 Congressional Budget Justification to provide the final U.S. Financing Table showing no unliquidated obligations.

Performance and Prospects: The program has financed activities at major border crossing points in USAID bilateral and non-presence countries. Specific areas of investment include: information, communication and education to promote behavioral change; social marketing and condom promotion; training in diagnosis and appropriate management of sexually transmitted infections (STIs) for pharmacists and doctors; and the production of simple, culturally appropriate multiple language pamphlets, booklets and other educational material for distribution at cross-border sites and for use by NGOs providing services to migrant populations. Program funds also were used for epidemic trend monitoring through STI and behavioral surveillance data collection in Nepal, Cambodia, Laos, and Vietnam. These data were used by USAID field missions, other donors and local governments to develop programs and policies to more directly and effectively respond to the epidemic.

In addition, regional funds were used to finance research on the following: interventions in Nepal to prevent the trafficking of women and girls and the care and support of returning trafficked persons, ways to improve the hospital environment of HIV positive persons in India, and ways of building community identity among debt-bonded prostitutes in Cambodia. Regional funds were provided to a number of cooperating agencies to carry out HIV/AIDS program activities throughout the Asia and Near East region. Funds provided through the International HIV/AIDS Alliance supported the development and sustainability of local nongovernmental organizations (NGOs) responding to the HIV/AIDS epidemic, either by providing specific HIV/AIDS related services or by incorporating HIV/AIDS prevention or services into their overall mandate.

In addition regional funds were used for technical assistance on STI treatment protocols; epidemiological data collection, analysis and dissemination; formative research assessing the efficacy of prepackaged STI treatment; pilot tuberculosis/HIV projects on the extent of injecting drug use in India, Nepal and Vietnam; and an assessment of capacity-building and training needs throughout the region on topics such as HIV/AIDS, voluntary testing and counseling, and condom promotion. Program funds also funded activities related to the trafficking of women and girls in the South Asia region.

Possible Adjustments to Plans: This activity has been completed. Regional HIV/AIDS activities now are reported under the objective "Stabilize Population Growth and Protect Human Health" (498-022).

Other Donor Programs: USAID is one of the leading donors in the area of HIV/AIDS in the ANE region. Other key donors include: the United Nations Joint Program on HIV/AIDS (UNAIDS); the United Kingdom; the European Union; the United Nations Development Program; Japan; Australia; the Ford Foundation; Germany; the World Health Organization; and the World Bank.

Principal Contractors, Grantees, or Agencies: Family Health International; The Population Council; the International HIV/AIDS Alliance; Denk Kestet Tena; Population Services International; Programs for Appropriate Technology (PATH); and CARE International.

Selected Performance Indicators:

	Baseline (1998)	Target (2001)	Target (2004)
Number of cross-border interventions Implemented	5	10	N/A
Increased number of socially marketed Condoms sold in non-presence Countries (millions)	40	60	N/A
Innovative models developed and disseminated for: prevention, treatment, care, and support of persons living with AIDS	0	7	N/A

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: United States-Asia Environmental Partnership,* SO 498-009

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 5.3 - Sustainable urbanization promoted; 5.4 - Use of environmentally sound energy services increased

Summary: The rapid growth of developing Asia has produced alarming environmental consequences. Yet concerns for the environment must take into account aspirations for prosperity, just as aspirations for prosperity must take into account the environment. The United States-Asia Environmental Partnership (USAEP) recognizes this fundamental principle and integrates environmental and economic growth perspectives into its approach to Asia's environmental degradation. Its purpose is to promote and reinforce the introduction of a sustainable, clean growth regime in Asia by influencing the decision-makers involved in Asia's industrialization and urbanization. A significant spurt of growth in Asian industrial and urban infrastructure is imminent, offering a once-in-a-lifetime opportunity to get ahead of the investment curve before large quantities of inefficient, polluting technologies and infrastructure are installed. USAEP focuses on four activity areas: public policy and environmental regulation; urban environmental management; industrial governance performance; and the transfer of U.S. environmental technology, expertise and practices. As the primary engine of economic growth, the private sector is actively engaged, in Asia and the U.S. The program represents an important economic opportunity for the United States since it promotes the export of environmentally sound U.S. technologies, practices and services to Asian clients. Beneficiaries of the program are the citizens of participating countries, the local and global environment, and U.S. business and labor.

Key Results: A fundamental approach of USAEP is to work with partners who will multiply the work of USAEP many times over. One result is that 15 large U.S. and Asian companies have adopted programs to "green their supply chain," requiring certain standards of environmental management of their extensive network of suppliers, numbering in the thousands. USAEP has also been instrumental in institutionalizing the International Standards Organization (ISO) 14000 series of environmental standards in Asia. All ten USAEP target countries now have a national ISO 14000 accrediting agency and at least one national certifying agency (not counting Vietnam, where a USAEP presence was just established in 1999). USAEP is now working on the next step: to obtain international reciprocity for these new accreditation and certification agencies. Since international requirements for reciprocity have not been defined yet, USAEP is on the forefront participating in their development. As a testimony to the mutual benefit generated by USAEP for Asia and the U.S., USAEP-assisted sales of U.S. goods and services was over \$152 million in FY 2000.

Performance and Prospects: USAEP mobilizes U.S. Government agencies to partner with U.S. and Asian stakeholders to demonstrate that resource efficiency and environmental rigor are compatible with economic growth, and advance prosperity over the long term. For example, a partnership between USAEP and the Council of State Governments matches the regulatory and environmental experience of U.S. states with Asian needs for environmental and energy efficient technologies and services. Through this partnership, USAEP has invested about \$5.0 million in 36 projects involving 23 states and 11 Asian economies. Partners have matched these grants with more than \$7.7 million, resulting in \$5.5 million in confirmed sales and a dozen Memoranda of Understanding. Eighty-five U.S. companies, 110 state agencies, 35 academic institutions, and several dozen NGOs are participating in this effort. In the Philippines, USAEP helped five multinational companies (including Ford Motor Co., Shell, and Nestle) and one Philippines industry federation to adopt "greening the supply chain" programs. Greening the supply chain is a process in which large buyers of equipment, supplies and parts require their suppliers to adhere to certain environmental standards. As a result of this USAEP intervention, over 3,000 first-tier suppliers to these buyers have modified their environmental behavior. The suppliers are required to

* Formerly titled "Promote an Asian Clean Environmental Revolution."

implement and maintain an environmental management system that meets the buyer's corporate standards, and they must obtain formal certification of their system.

In promoting technology transfer, USAEP matches Asian buyers with U.S. sellers using its Environmental Technology Network for Asia, a computer database of 4,800 U.S. firms that has provided over 5,500 trade leads. One measure of the impact of these leads is that USAEP has contributed to the confirmed export sales of \$1.26 billion worth of U.S. environmental goods and services, plus numerous consulting and licensing agreements and joint ventures. Another USAEP program to promote the transfer of U.S. environmental technologies is the Environmental Technology Fund, a partnership with the National Association of State Development Agencies. Since its inception in 1992, the Fund has made grants to companies in 46 states totaling about \$6.5 million, generating more than \$350 million in export revenues and creating more than 850 new U.S. jobs. The Fund provides matching grants of up to \$20,000 to U.S. firms to market their environmental goods and services in Asia, usually via technology demonstrations, training, and technical assistance. The visits of American firms to Asia are often coordinated by the USAEP field representatives, who link them with Asian decision-makers and private sector firms. Independent research found that the grant funds, together with field representative assistance, were the reason that 90% of Fund recipients were able to make their first trip to Asia, making a significant impact on introducing U.S. environmental technologies to Asia.

In India's megacities, USAEP is establishing viable inspections and maintenance and promoting an acceptance within the culture of complying with them. The project began as a public-private partnership in Delhi targeting two-wheel motor vehicles. Partners include the Society of Indian Automotive Manufacturers (SIAM), Indian manufacturers of two-wheel motor vehicles, and Delhi and Central government agencies. SIAM and partners conducted the largest-ever series of inspections and maintenance camps in Delhi, drawing over 65,000 drivers. In the process, an extensive set of data was collected and analyzed on emissions, fuel efficiency, vehicles and drivers, and used to design regulations and voluntary programs. With training based on the Delhi experience, USAEP, SIAM and other partners are expanding to India's other megacities and to three- and four-wheeled vehicles. To help ensure that the practice catches on, the program includes two outreach tactics. One is a school campaign, designed in partnership with the Indian environmental NGO Conserve, which is getting students to encourage their parents to get a "Pollution Under Control" inspections and maintenance sticker for their vehicle. The other is to create an Indian affiliate of a U.S. NGO, the Earth Communications Office (ECO). ECO India, which is in the process of being launched, will promote PUC compliance through TV, radio, and movie theatre advertising. It will be based in Mumbai in order to link to the Indian film industry and major corporations.

The FY 2002 USAEP programmatic strategy is to increase the engagement of our partners in fostering a clean growth regime in Asia, while continuing the core functions of applying U.S. technology and expertise to the many daunting environmental problems faced by countries in Asia. In the policy arena, USAEP will place a greater emphasis in FY 2002 on integrating economic, trade, and environmental policies. With respect to governance, USAEP is entering into two new partnerships to focus increasingly on corporate and public sector governance: the National Environmental Policy Institute and the State Legislative Leaders Foundation. USAEP also plans to place more emphasis on improving the capacity of non-governmental entities to become influential forces in Asia's sustainable development. As parts of Asia undergo a brisk recovery from the Asia financial crisis, USAEP-assisted sales of U.S. technology and services have increased significantly. In general, USAEP is finding Asian decision-makers more receptive to the fact that enhancing competitiveness and access to global markets requires improved environmental performance. With this receptiveness comes increased investment in cleaner production, an embrace of policy and regulatory reforms, and increased benefit to U.S. business.

Possible Adjustments to Plans: None.

Other Donor Programs: USAEP offers an innovative model for development promotion. Rather than donor-client relationships, USAEP fosters partnerships that will carry on beyond the reach and longevity of development agencies. Working with federal and state agencies, the private sector, professional associations, NGOs, and universities, USAEP has forged a set of partnerships mobilizing private initiative

and resources. Other donors have sought USAEP advice on adopting the USAEP model. USAEP-like organizations are being adopted by other Bureaus within USAID. USAEP is a leader in setting the economic/environmental agenda for other donors in the region by working through the U.S. Executive Director's Office at the multilateral development banks and international political fora such as the Asia Pacific Economic Cooperation and the Association of South East Asian Nations. Another fundamental USAEP approach is to leverage public and private sources of funding. USAEP seeks cost sharing or complementary investments from its U.S. and Asian partners and counterparts. Grant programs with states in the U.S. have leveraged from one to three dollars for each USAEP dollar.

Principal Contractors, Grantees, or Agencies: USAEP is an interagency partnership of USAID with the Department of Commerce and the Environmental Protection Agency. It is implemented by three major contractors: the Institute for International Education, International Resources Group, and Louis Berger International. USAEP also has cost-share partnership arrangements with the Overseas Private Investment Corporation, National Association of State Development Agencies, Council of State Governments, various Asian and U.S. professional associations, and many NGOs.

Selected Performance Measures:

	Baseline (1993)	Actual (1999)	Actual (2000)	Target (2001)	Target (2002)
Cumulative number of large companies with suppliers in Asia who adopt programs to "green their supply chain" (promote environmental mgmt among their suppliers)	0	14	15	17	19
Cum. number of countries that have obtained int'l reciprocity for local ISO 14000 accreditation and certification	0	3	4	5	6
Confirmed, USAEP-assisted sales of U.S. environmental goods and services to Asia (\$ million, cumulative)	0	1,107	1,259	1,329	1,399

PROGRAM: Asia and Near East Regional

TITLE AND NUMBER: Middle East Regional Democracy Fund, SO 498-012

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Democracy

Link to USAID Strategic Framework: 2.1 – Rule of law and respect for human rights strengthened; 2.2 – Credible and competitive political processes encouraged; 2.3 – Development of politically active civil society promoted; 2.4 – More transparent and accountable government institutions encouraged

Summary: The development of a democratic culture in the Near East, based on representative government, strong civil society institutions, and respect for individual human rights, directly supports the U.S. goal of fostering democracy worldwide and enhances U.S. interests in peace and stability in the region. More democratic countries in the region that respect the rule of law and embrace civil society are likely to transfer power peacefully, resist the spread of extremism, promote investment by increasing confidence in the business sectors, and enhance the stability of the Near East region as a whole.

The countries of the Middle East often are characterized by autocratic rule, the absence of political and civil rights, cumbersome bureaucracies, corruption, and failure to deliver basic services. These factors, combined with fundamentalist Islam, pose serious challenges to the region's democratic development. However, some positive democratic momentum in the Middle East has been generated in recent years. Public participation in political life in many states is increasing through the growth of active non-governmental organizations and the expanded role of elected legislatures/advisory councils. Morocco and Yemen have demonstrated a willingness to implement judicial reforms, as well as provide additional degrees of freedom to civil society organizations. While still nascent, potential openings for civil society, court reform, and legislative strengthening exist in Oman, Tunisia and Algeria.

Key Results: An analysis of issues and opportunities to promote democracy and governance in the Middle East indicates the likelihood of achieving positive results in three important areas:

- Commitment to the rule of law, including respect for human rights and particularly women's rights; a strong legal system; and an independent judiciary, as evidenced by improvements in the administration of justice and increased independence of judicial officials making fair decisions;
- A strong and participatory civil sector, including non-governmental organizations and the media;
- Representative and accountable government, as evidenced by free and fair elections, more independent legislatures and improved constituency outreach.

Performance and Prospects: This activity has defined a core program that directs resources to Morocco, Yemen, Oman and Algeria in areas that have been identified as most likely to generate results over a short period of time. In FY 2001, the fund (\$4,000,000 ESF) will support activities focused on (but not limited to):

- Algeria: parliamentary training; NGO/journalism training; judicial reform
- Morocco: civil society advocacy, human rights monitoring, anticorruption programs, support for decentralization, women's rights advocacy, election support
- Oman: judicial reform, State Council training; women's rights advocacy
- Tunisia: civil society strengthening
- Yemen: political party and parliamentary training, electoral assistance, judicial reform, support for decentralization

The fund also supports a small grants program that will be separately notified by the Department of State.

Possible Adjustments to Plans: None.

Other Donor Programs: Assistance for democracy programming in the targeted countries has been limited. In Morocco, the European Union provides support to NGOs involved in human rights, women's rights, democracy and advocacy. In Yemen, the United Nations Development Program continues to provide support for elections and parliamentary strengthening.

Principal Contractors, Grantees, or Agencies: U.S. partner organizations for democracy and governance activities include the National Democratic Institute, the International Republican Institute, the International Foundation for Election Systems, the American Bar Association, Freedom House and others to be determined.

Selected Performance Indicators: Yemeni judicial code of conduct completed; Algerian Parliament acts on proposals to amend the country's family law; Omani government issues royal decrees containing specific legislation on civil rights; Moroccan civil society organizations are able to advocate for greater transparency and accountability in government; greater degrees of judicial freedom to question constitutionality of laws; selected public policies changed consistent with civil society advocacy; targeted NGOs have operational financial and management systems in place.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: South Asia Regional Environment Program, SO 498-013

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 5.2 - Biological diversity conserved; 5.3 - Sustainable urbanization promoted; 5.5 - Sustainable management of natural resources increased

Summary: Demands on energy, natural resources, and environmental systems are intensifying in South Asia due to population growth, urbanization, and industrialization. Recent droughts and floods, and deteriorating water quality, have highlighted the need for improved water resources planning and management in the region. Arsenic contamination of shallow groundwaters of the Bengal Delta in Bangladesh and West Bengal, India, is now recognized as one of the most significant mass poisoning events in the world, affecting perhaps as many as 40-60 million people. Air and water pollution are pressing environmental problems – 13 of the cities with the worst air pollution in the world are in Asia, resulting in at least 1.5 million premature deaths per year. This region is also among the world's most biodiverse, but this diversity is threatened by continuing loss of the region's tropical forests. There is also a need to build confidence among the countries in the region to reduce tensions and promote regional cooperation.

In response, the U.S. proposes to work through a South Asia Regional Program (SARP) to: (1) support targeted confidence building measures between Bangladesh and India; and (2) to help address the region's environmental needs and promote local and regional solutions to environmental problems. In particular, SARP will help build national and regional capacity to: (1) foster better policies and improved environmental planning and management; (2) create and/or strengthen regional forums, networks, and associations for cooperation and advocacy for improved environmental and natural resources management; and (3) strengthen local and regional capacity to design and carry out effective environmental and natural resources management programs.

Key Results: The South Asia Regional Program has helped to increase the capacity of South Asian national and regional organizations, both public and private, to develop and sustain more effective programs for addressing key environmental issues.

Performance and Prospects: Under SARP, research by the U.S. Geological Survey has led to better understanding of the geochemistry and hydrology of arsenic contamination of groundwater in Bangladesh. SARP also provided technical assistance to support the creation of the Bangladesh Tropical Forest Conservation Trust Fund.

In FY 2001, SARP will: (1) support expansion of Sandia National Laboratory's Cooperative Monitoring Center's regional water monitoring project, involving India, Bangladesh, Nepal, and Sri Lanka, to increase sharing of water quality data on an open website; and (2) continue to support U.S. Geological Survey investigations of the sources of arsenic contamination in the groundwater of the Bengal Delta in Bangladesh and West Bengal, India.

Possible Adjustments to Plans: Starting in FY 2001, funds will be obligated and activities will be reported under the regional strategic objective "Environment Managed for Prosperity and Sustainability" (498-013).

Other Donor Programs: This program is being managed as a regional activity, with special attention to donor collaboration in its implementation. Both the World Bank and UNICEF have major programs to mitigate the arsenic problem, but they have indicated that they would welcome more careful study of the geologic origin and processes that concentrate arsenic in the aquifer. The World Bank and Asian Development Bank are also involved in tropical forest conservation and management in Bangladesh. Indeed, the Asian Development Bank recently signed an agreement with the Government of Bangladesh for \$80 million for the Sunderbans Biodiversity Project, which is mainly concerned with forestry

management in these globally significant mangrove forests that serve as home to endangered Bengal tigers. The TFCA Trust Fund will be developed and administered so that it complements these other donor programs.

Principal Contractors, Grantees, or Agencies: Sandia National Laboratory will implement the regional water monitoring activity. The U.S. Geological Survey will carry out the study of the cause of arsenic groundwater contamination. Technical assistance with the establishment of a Board of Directors for the creation of the TFCA secretariat in Bangladesh will be provided through an institutional contractor.

Selected Performance Measures:

	Baseline (2000)	Result (FY 2001)	Target (FY 2002)
Source of arsenic groundwater contamination identified and monitoring systems improved.	U.S. Geological Survey coordinates data gathering and laboratory analyses with other agencies working on the arsenic problem.	USGS initiates long-term study of hydrology and geochemistry of arsenic contamination of groundwater.	USGS begins institution-building activities with various Government of Bangladesh agencies to establish long-term arsenic-monitoring programs.
Sandia regional water quality monitoring program fosters regional sharing of water quality information.	Sandia convenes successful workshop to promote water quality data sharing in South Asia.	Water quality data sites are identified in concert with regional partners; number of water quality presently monitored is expanded.	Regional water quality monitoring continues; expanded web page provides link to existing data sources and displays new data gathered by partners on a regular basis.

PROGRAM: Asia and the Near East Regional
TITLE AND NUMBER: South Asia Democracy, SO 498-014

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Democracy

Link to USAID Strategic Framework: 1.3 – Access to economic opportunity expanded and made more equitable; 2.1 – Rule of law and respect for human rights strengthened; 2.2 – Credible and competitive political processes encouraged; 2.4 – More transparent and accountable government institutions encouraged; 3.1 Access to quality basic education, especially for girls and women expanded.

Summary: The South Asia Regional Democracy Fund (RDF) was created in 1998 to further the U.S. national interest of consolidating and strengthening democratic systems, respect for human rights, and the rule of law throughout South Asia. The United States has a vital interest in maintaining stability and strengthening the democratic form of government in a region where nuclear weapons have entered the stage and where political unrest could close the door to Western investment and economic development critical to improving the quality of life in one of the poorest regions of the world. South Asia, home to over one-fifth of the world's population, is becoming increasingly unstable. In addition to the India/Pakistan nuclear dimension, several countries in South Asia face armed resistance in the form of separatist movements. Democratic development is incomplete. Human rights abuses, demonstrated by the low status of women and widespread exploitation of child labor, abound in each country. Accountability is poor and corruption is high, undermining investment potential and public confidence in government institutions.

Key Results: This program is designed to work toward the following, key results:

- Elements of democratic systems strengthened: While elections do take place in South Asia, and the basic institutions of democracy do exist--parliaments, judiciaries, and executive agencies--these institutions are often weak and ineffective. RDF programs are oriented to address the substance of needed democratic reforms.
- Growth with equity: The low status of women, the plight of ethnic and religious minorities and the region's impoverished masses all contribute to a dangerous cynicism that threatens regional stability. Reducing the gender gap and equitable treatment of minorities are the minimum standards necessary to ensure that disillusionment does not eclipse economic and political gains.
- Confidence building: There are compelling economic and global issues that are galvanizing certain groups in the region to advocate for the difficult but necessary work of regional cooperation. While the strong emotions generated by the nuclear issue have overshadowed these nascent efforts a regional cooperation, these groups are making inroads on important but less volatile issues such as water sharing, free trade and joint ventures, anti-corruption, and cooperation in the energy sector. Supporting these efforts is an essential step toward building the basic level of confidence among nations of South Asia necessary for tackling the more incendiary issues of nuclear proliferation and ethnic/religious conflict.

Performance and Prospects: The RDF supports efforts to strengthen democratic systems throughout the region, complimenting and reinforcing bilateral activities. These efforts focus on but are not limited to:

- Sri Lanka--assist human rights and legal aid organizations in their efforts to protect and represent the victims of violent conflict.
- Bangladesh--work with the Parliament to reduce tension and clarify member of parliament roles and responsibilities.
- Nepal-- strengthen the outreach of political parties and enhance the capacity of legal officials to implement the government's ambitious decentralization agenda.

In addition, the RDF supports efforts to address human rights abuses, particularly trafficking of women and girls and child labor.

Possible Adjustments to Plans: In FY 2001, regional democracy activities will fall under strategic objective 498-037, "Improve South Asia Regional Stability through Democracy and Human Rights."

Other Donor Programs: A number of bilateral and multi-lateral donors are engaged in human rights and democracy issues in the region. U.S. Government programs are carefully coordinated. Other major donors include: European Union, United Nations Development Program, the World Bank, and Canada.

Principal Contractors, Grantees, or Agencies: The Asia Foundation; Aga Khan Foundation; International Foundation for Election Systems; National Democratic Institute; International Republican Institute; and other contractors and grantees to be determined.

Selected Performance Indicators: Performance information for this strategic objective will be reported under the new strategic objective, 498-037. Indicators may include: increased number of human rights violations reported to authorities in Sri Lanka; best practices in combating trafficking of women and children identified, disseminated and replicated; increased number of manufacturers participating in child labor-free labeling program.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: East Asia and Pacific Environmental Initiative, SO 498-015

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 5.5 – Sustainable management of natural resources increased.

Summary: The East Asia and Pacific Environmental Initiative (EAPEI) was established to continue U.S. Government assistance for fire and haze preparedness and prevention and to establish broader long-term efforts focused on other key regional environmental problems in the East Asia and Pacific region. The goal of EAPEI is to promote environmental quality in the East Asia and the Pacific by increasing environmental capacity and knowledge through joint Department of State-USAID and partner efforts.

Key Results: EAPEI activities have resulted in improved understanding of the root causes and impacts of fires in Indonesia; improved local, national, and regional fire detection, suppression, and management activities; improved environmental planning and management; and helped combat destructive fishing practices in Southeast Asia.

Performance and Prospects: In FY 2000, EAPEI activities focused on 1) improved land use and forest management practices including fire prevention and control; 2) coastal and marine resources management, and; 3) environmental planning and management, principally in Indonesia. The most successful activities had clearly defined objectives and work plans, strong field-based management, and good relationships with in-country partners.

The program has supported improvements in fire management and response in Indonesia. Technical assistance from the U.S. Department of Agriculture Forest Service has raised the technical quality of the work of the ASEAN Haze Coordination and Support Unit and helped to maintain information flows about other donors' fire suppression activities. Other forest policy activities supported under EAPEI, particularly in analyzing the sources and impacts of fires and identification of alternatives to slash-and-burn agriculture, have proven valuable in identifying policy reform opportunities and promoting decentralization, governance, and equity objectives of the new Indonesian government.

EAPEI supported work by the International MarineLife Alliance and the World Resources Institute in Southeast Asia, and the Nature Conservancy in the Pacific, to reform destructive fishing practices such as cyanide and dynamite fishing and overharvesting. Notable progress was made documenting and combating the spread of these practices in the region.

Possible Adjustments to Plans: Starting in FY 2002, funds will be obligated and activities will be reported under the regional objective "Environment Managed for Prosperity and Sustainability" (498-024).

Other Donor Programs: EAPEI is managed as a regional activity, and collaborates on an implementation level with the Asian Development Bank's work with the ASEAN Regional Fire and Haze Action Plan; major U.S. foundations active in the region such as the MacArthur Foundation and the Packard Foundation; and the bilateral programs of Japan, Germany, New Zealand and Australia.

Principal Contractors, Grantees, or Agencies: Implementing partners include: 1) U.S. government agencies, e.g., the Environmental Protection Agency, National Oceanic and Atmospheric Administration, USDA Forest Service, Department of Interior; 2) U.S. non-governmental organizations such as Conservation International, The Nature Conservancy, World Wildlife Fund, and World Resources Institute; 3) international agricultural research centers, e.g., the International Center for Research on Agroforestry and the Center for International Forestry; 4) the University of Rhode Island's Coastal Resources Center; and 5) international organizations such as the South Pacific Regional Environment Program.

Selected Performance Measures:

	Baseline (1999)	Actual (2000)	Target (2001)	Target (2002)
Implementation of forest management policies that encourage conservation and more sustainable use of tropical forest resources	Center for Int'l Forestry (CIFOR) initiates as-sessment to objectively analyze causes and impacts of the devastating Indonesia fires.	Approaches to community forestry and reduced impact harvesting developed and disseminated by CIFOR.	CIFOR completes report documenting Indonesia fires, underlying causes, impacts. Policy, technical asst. needs are identified.	CIFOR recommendations being implemented by Government of Indonesia.
Increased cooperation in fire prevention and fire fighting.	ASEAN coordination and support unit strengthened to support implementation of the Regional Haze Action Plan.	Indonesia passed legislation changing accountability for firestarts, controlling oil palm plantation expansion and delegating regional fire suppression responsibilities	Fire simulation response exercises and suppression plans build fire-fighting capacity in Indonesia.	New activities continue to enhance Indonesian and regional capacity to design, coordinate, implement fire management programs.
Enactment and enforcement of policies and regulations that prevent destructive fishing and promote marine conservation and management	Indo-Pacific Destructive Fishing Reform Initiative expanded in Southeast Asia; live reef fish trade monitoring stations established in key locations (e.g., Hong Kong).	Live reef fish trade control-led through improved detection, prosecution of cyanide/blast fishers, training of fisher-men in new methods, and transparency in the Hong Kong transit markets.	Scientific, policy, mgmt advice and asst. developed, disseminated to Pacific Island govts and communities to control the expansion of the regional coral trade	Development, growing adherence to codes of conduct for responsible fisheries. Development and implementation of action plans to combat destructive fishing practices.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: East Asia Regional Democracy Fund, SO 498-016

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Democracy

Link to USAID Strategic Framework: 2.1 – Rule of law and respect for human rights strengthened; 2.2 – Credible and competitive political processes encouraged; 2.3 – Development of politically active civil society promoted; 2.4 – More transparent and accountable government institutions encouraged.

Summary: In recent years, the trend in the East Asia and Pacific region has been a transition from autocratic governments toward democracies and democratic institutions. However, the development has been, at best, uneven. The Regional Democracy Fund (RDF) supports the U.S. goal of increasing democracy, rule of law, and adherence to human rights.

Key Results: The RDF support projects that promote democratic institution-building in key countries in East Asia and the Pacific. Support is given to projects that:

- Create and enhance or enhance civil societies that can advocate on behalf of human rights, women's rights, workers rights, the rule of law, and freedom of the press and assembly;
- Promote regional dialogue focused on strengthening intra-regional networks of human and worker rights NGOs and on heightening the attention paid to human rights by Asian government

Performance and Prospects: In FY 2001, activities may continue to focus on the following:

- reduce governmental restrictions on freedom of association for political parties, journalists, NGOs, and other civil society groups leading toward the establishment of more pluralistic societies;
- increase the participation of international monitors in national elections;
- provide training in rule of law for both civilian and military leaders, encouraging the reduction of military involvement in governance
- support the enactment and enforcement of laws that increase transparency at all levels of government, that protect labor rights workplace health and safety, equality in the workplace, and that encourage free trade unions and improved adherence to International Labor Organization standards.

Possible Adjustments to Plans: In FY 2001, regional democracy activities will be notified under the strategic objective 498-036, "Improve East Asia Regional Stability through Democracy and Human Rights."

Other Donor Programs: A number of donors are engaged in anti-trafficking and other women's empowerment programs in the region. These include: Australia, Germany, and the EU. U.S. Government programs are carefully coordinated.

Principal Contractors, Grantees or Agencies: To be determined.

Selected Performance Indicators: Indicators for the program will be reported under strategic objective 498-036. These may include: (a) increased passage and implementation of laws that protect civil liberties and due process; (b) Increased registration of labor federations and unions; (c) increased activism on the part of ASEAN human rights groups for including human rights on ASEAN member agendas.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Stabilize Population Growth and Protect Human Health, SO 498-022

Operating Unit Self-Assessment: Annual performance assessment unavailable (New SO)

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 4.1 – Unintended and mistimed pregnancies reduced; 4.2 – Infant and child health and nutrition improved and infant and child mortality reduced; 4.3 – Deaths and adverse health outcomes to women as a result of pregnancy and child birth reduced; 4.4 – HIV transmission and the impact of the HIV/AIDS pandemic in developing countries reduced; 4.5 – Threat of infectious diseases of major public health importance reduced.

Summary: In FY 2001, this activity will replace the regional HIV/AIDS and Infectious Disease program (498-029) in order to provide a more integrated approach to regional health and population issues in the Asia and Near East (ANE) region.

Stabilization of population size and improved health and nutrition are essential to sustainable development. They also are fundamentally interdependent. When people are nourished and free from the ravages of infectious diseases, they can contribute more fully to their own social and economic progress and to that of their nation. Immunizations, health education, investments to correct micronutrient deficiencies, and investments in basic health services will significantly improve the health of people, especially women, children, and vulnerable populations. When couples can determine the size of their families, resources are made available at the household, national, and global levels for enduring improvements in quality of life. Moreover, improved health status of women and girls plays a critical role in child survival, family welfare, economic productivity, and population stabilization.

This activity will support the development of integrated interventions in maternal and child health, reproductive health, the reduced HIV transmission and the mitigation of the impact of the HIV/AIDS pandemic; improved management of other sexually transmitted infections (STIs); and improved capacity to combat, control, and prevent infectious diseases (IDs). Also, this activity will provide the resources to address the growing dimensions of population and health that are transboundary in nature. It will complement population and health programs in USAID presence and non-presence countries, and support the development of innovative models to promote best practices.

Key Results: This activity design is not yet finalized, but USAID anticipates that results will be similar to the old objective, "Asia and the Near East Regional HIV/AIDS and Infectious Disease Program" (498-029), i.e., focus on issues related to specific diseases such as HIV/AIDS, tuberculosis (TB), and malaria that are beyond the scope of individual country programs; provide the structure to integrate reproductive health and maternal and child health issues with those of HIV/AIDS and other infectious diseases; increase the number interventions to prevent, treat, or control IDs in mobile populations; expand the number of countries with national ID prevalence and behavioral surveillance systems; and increase the number of implementing partners adopting best practices or new ID services.

Performance and Prospects: Major components under this objective include: a) continuing HIV/AIDS activities; b) continuing infectious disease (ID) activities; c) new HIV/AIDS activities; d) new ID activities; and e) cross-cutting activities.

Continuing HIV/AIDS Activities (\$3,160,000 CSD-HIV/AIDS): Activities begun in FY 2000 under SO 498-029 and continuing in FY 2001 under SO 498-022 include the following: (1) HIV and STI surveillance in border areas in the Mekong region; (2) a seafarers intervention project targeting ports in Indonesia and Thailand; (3) regional training to expand the capacity of community organizations to provide support for people living with AIDS; (4) cross-border HIV prevention programs in Nepal, India, and Thailand; (5) regional training for HIV program managers; (6) HIV/AIDS prevention activities in four provinces in Vietnam; (7) condom social marketing in Laos; and (8) an assessment of training needs for HIV voluntary counseling and testing programs in Vietnam, India, and Nepal.

Continuing Infectious Disease Activities (\$2,102,000 CSD-ID): Activities begun in FY 2000 under SO 498-029 and continuing in FY 2001 under SO 498-022 include the following: (1) training on surveillance of drug-resistant malaria and related drug-use practices and drug quality in South and Southeast Asia; (2) developing and testing interventions, including new treatment regimens, to slow emergence and spread of drug-resistant malaria and improve the use of antimalarial drugs in Southeast Asia; and (3) standardizing surveillance and training methodologies for monitoring vector-borne diseases such as malaria in South Asia.

New HIV/AIDS Activities in FY 2001 (\$3,342,000 CSD-HIV/AIDS and \$997,000 ESF for East Timor): USAID will provide technical assistance to expand the capacity of public and private institutions throughout the region to become centers of excellence and the primary sources of technical assistance and training in a variety of disciplines (i.e., epidemiology, behavioral science, measurement and evaluation). USAID activities will also support the following: (1) pilot "pre-departure" HIV prevention programs in migrant communities in South and Southeast Asia; (2) support feasibility and planning studies and initiating an intervention to focus on the tens of thousands of workers from throughout Southeast Asia who will travel to/from Sihanoukville to build a seaport; (3) support policy dialogue with the governments, donors, and other partners on issues such as stigma, discrimination, and condom security; (4) undertake formative research studies in one country in South Asia or Southeast Asia on how to delay adolescent boys' sexual activity and positively change their attitudes about premarital sex and condom use; (5) provide a small grant to Morocco for a school-based HIV education program; (6) provide technical assistance to develop new HIV/AIDS prevention programs; (7) strengthen monitoring and evaluation of regional programs, especially those targeting mobile populations; (8) determine the impact of high-risk behaviors on HIV transmission; (9) mitigate stigma and discrimination against people living with HIV/AIDS; and (10) strengthen HIV education and STI treatment in reproductive health centers in Vietnam.

In FY 2001, USAID also will provide \$997,000 in ESF funding to a cooperating agency to assist the U.N. agencies working in East Timor to "jump start" their proposed HIV and STI prevention programs.

New ID activities in FY 2001 (\$1,829,000 CSD-ID): USAID plans to support the following: (1) develop a model to improve the use of health information for resource allocation; (2) standardize the collection, analysis, and reporting of surveillance and drug resistance information and related training in South and Southeast Asia; (3) improve TB lab training/quality assurance and provide technical assistance to missions and national TB programs; (4) and strengthen TB surveillance and expanding DOTS coverage. USAID will also support efforts to facilitate policy dialogue with international health organizations and industry to ensure that effective diagnostics and drug regimens for malaria are affordable and available to those in need.

New Cross-Cutting Activities (\$400,000 CSD-HIV/AIDS; and \$400,000 CSD-ID): In response to suggestions from USAID missions in the ANE region, USAID will support several new HIV and ID cross-cutting activities in FY 2001. In order to provide information on the short- and long-term social and economic impact of HIV/AIDS and infectious diseases, this activity will support scientific updates and advocacy workshops to provide data, materials and the skills needed to put HIV and infectious diseases on the development agenda as more than a health issue. USAID will also support limited numbers of technical meetings for USAID health officers, NGOs, selected government counterparts and cooperating agencies to keep them current on HIV/AIDS and ID developments such as changing epidemic trends, scientific breakthroughs and treatment improvements, and new programmatic approaches.

Possible Adjustments to Plans: Starting in FY 2001, this regional objective includes funding for and reporting on activities previously notified under the objective "ANE Regional HIV/AIDS and Infectious Diseases" (498-029). Population, reproductive health, maternal health and child survival activities may be expanded during FY 2002, including selected regional program activities that would complement bilateral programs and assist in the achievement of regional program goals.

Other Donor Programs: Key donors include the United Nations Joint Program on HIV/AIDS; the United Kingdom; the European Union; the United Nations Development Program; Japan; Australia; the Ford Foundation; Germany; the World Health Organization; and the World Bank.

Principal Contractors, Grantees, or Agencies: These activities will be implemented primarily through "buy-ins" to pre-competited USAID Global Bureau cooperative agreements and contracts. Partners in HIV/AIDS activities include: Family Health International/IMPACT, PSI/AIDSMARK, the International HIV/AIDS Alliance, and TVT Associates/SYNERGY. Infectious disease partners include: Abt Associates, Asian Collaborative Training Network for Malaria, Camp Dresser and McKee International, CARE, the Centers for Disease Control and Prevention, the Centre for Development and Population Activities/Technical Advisors in AIDS and Child Survival, the Johns Hopkins Health and Child Survival Fellowship Program, Kenan Institute of Asia, Management Sciences for Health, TB Coalition for Technical Assistance, the U.S. Pharmacopeia Convention, Inc., and the World Health Organization.

Selected Performance Indicators:	Baseline (2001)	Target (2006)
Number of interventions targeting mobile populations implemented	5	7
Number of socially marketed condoms sold in non-presence countries (millions)	55	70
Innovative models developed and disseminated for prevention, treatment, care, and support of persons affected by HIV or IDs	6	8

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Encourage Economic Growth, SO 498-023

Operating Unit Self-Assessment: Annual performance assessment unavailable (New SO)

Link to U.S. National Interests: Economic Prosperity

Link to USAID Strategic Framework: 1.1 - Critical, private markets expanded and strengthened; 5.1 – Threat of global climate change reduced; 5.4 – Use of environmentally sound energy services increased.

Summary: Americans and citizens of other countries benefit from USAID's efforts to stimulate sustained economic growth in developing and transition economies by promoting open and fair trade practices. Doing so requires the refocus of development priorities, giving top priority to programs that establish a more direct link between trade promotion and investment, and international development. Creating appropriate legal, regulatory, tax, trade and financial frameworks that open markets and facilitate foreign investment best achieve this result. USAID's newly established Strategic Objective, Encourage Economic Growth, brings the combined resources of three programs to promote its goals: (1) increasing foreign direct investment; (2) improving public and private sector governance; and (3) removing barriers to free trade.

Accelerating Economic Recovery in Asia (AERA), a five-year initiative that builds upon on-going donor and bilateral USAID efforts in Southeast Asia (Indonesia, the Philippines, Thailand, Vietnam, and possibly Cambodia), addresses the weaknesses in these countries' economic and governance systems. AERA has three key objectives: (1) improve public and private sector governance; (2) provide Small and Medium-Sized Enterprises (SME) support; and (3) support reforms that will encourage foreign direct investment.

The U.S. North Africa Trade and Investment Initiative is a multi-agency effort to address the legal, policy, and regulatory constraints to increased trade and investment in North Africa. Assistance includes short-term expert consulting and workshops for public and private sector entities in North Africa—primarily Morocco, Tunisia and Algeria (the Maghreb). The expected results of this activity are to: reform regulations, procedures, and policies to improve the trade and investment climate in North Africa; establish an internet-based network to match business opportunities in North Africa with businesses in the United States; and facilitate internet/e-commerce-related activities in the region. The beneficiaries will be local industries and industry associations, foreign investors, and the host country.

The South Asia Regional Initiative/Energy Program (SARI/Energy) encourages regional cooperation in energy development and the eventual trade in clean energy resources among South Asian countries including Bangladesh, Bhutan, India, Nepal, the Maldives and Sri Lanka. SARI/Energy supports sustained economic growth in the region while minimizing greenhouse gas emissions and harm to human health. SARI/Energy brings together energy sector actors from public and private sectors across the region to discuss and resolve issues that impede trade and investment in energy development. Taken together, these measures will help achieve the dual objectives of promoting sustainable economic development and market-driven energy sectors in South Asia, and a greater opening of markets to U.S. and regional firms. Furthermore, by promoting cooperation that builds on mutual economic interest, the program can help ease political tensions in the region and build trust and confidence among countries.

A new regional Information Technology (IT) program will begin in FY 2002. The program will build on country level assessments and limited interventions supported to date by Program Development and Learning funds (498-007). The program will support ANE development objectives by improving access to and generation of information, and its related applications in areas such as capacity building, poverty alleviation, and human empowerment. The program, working with partners in ANE countries, also will support policy/regulatory reform and private sector development.

Key Results: The AERA program initiated activities in Indonesia and the Philippines in July 1999, Thailand in October, 1999, and in Vietnam in September, 2000. AERA-funded activities provided technical assistance to the governments of Indonesia and the Philippines in drafting and enacting

legislation that supports the reform packages negotiated with the international financial institutions. In Indonesia, resistance to deeper reform has impeded significant progress on bank and enterprise restructuring. Nonetheless, USAID technical assistance to the Jakarta Initiative Task Force (JITF) did facilitate the execution of debt restructuring deals for about 18 companies valued at \$625 million. USAID activities also contributed to the objectives of improved private and public-sector governance. In the Philippines, AERA activities supported the strengthening of the Securities and Exchange Commission that resulted in the adoption of procedures for securities investigation, as well as new rules for adjudicating corporate recovery. In Indonesia, USAID-funded activities contributed to the adoption of four key laws, decrees and regulations in 1999. These measures include: the critical competition law which defines rules for competitive behavior by firms as well as anti-corruption, arbitration, and secured transactions law. This last law provides a legal basis (previously lacking) for registering secured interests in assets used as collateral. In Thailand, AERA-supported efforts include the following:

- 1) The program has established a center in Bangkok to advise small and medium sized businesses on debt restructuring and restarting their operations. The center began operations in early December 1999 and has assisted more than 200 Thai businesses to diagnose and resolve their business problems.
- 2) AERA funded commercial bank training to approximately 3,000 executives and staff from 12 Thai-owned banks to help them reform and strengthen bank supervision and on-site examination policies and procedures.
- 3) With AERA assistance, Indonesia and the Philippines have undertaken legislative reforms in areas such as competition law, government procurement, consumer protection, arbitration and secured transaction.
- 4) A USAID grant to the U.S. Chamber of Commerce developed an U.S.-Thai SME matching facility that has generated over 3,600 matches, and over \$50 million in negotiated business.

U.S. North Africa Trade and Investment Initiative: The expected results are reforms in regulations, procedures and policies that improve the trade and investment climate in North Africa, and the establishment of an Internet-based network to match business opportunities in North Africa with businesses in the U.S. These results should lead by the end of the activity to increased trade among the three Maghreb countries and with the United States. Work is underway in Morocco, Tunisia, and Algeria to strengthen commercial law, promote U.S.-Maghreb university partnerships, provide business training, develop debt markets, and promote the development of internet and communications technologies. Internet connections between Chambers of Commerce in the Maghreb and U.S. businesses have been established through USAID's Global Technology Network.

SARI/Energy: Baseline sector information has been collected from Bangladesh, Bhutan, India, Nepal, and Sri Lanka during fact-finding visits, and incorporated into integrated contractor and grantee work plans. A SARI-Energy website has been designed and will be on the Internet by May 2001. South Asian officials have traveled to the United States under the transmission and regulatory partnerships sponsored by the United States Energy Association (USEA). A utility partnership has been launched with its first meeting in Mumbai, India. The regulatory partnership's first priority is the drafting of a regional grid code and the sharing of tariff-setting mechanisms for regional energy exchange. Preparations are underway to link 18 Chambers of Commerce in the region with the U.S. Chamber of Commerce. The first training event, a course on marketing energy efficiency, was held in Sri Lanka in February 2001. This activity has supported capacity building in regional infrastructure regulation and finance. The first technical assistance event was held in Nepal in March. This led to the formation of a technical level contact and advocacy group that has identified six key policy and technical issues to focus on in FY 2001. Partnership, training and technical assistance efforts will be linked in ways designed to reinforce the capabilities of key actors and to support policy and regulatory changes required for increased regional energy trade and cooperation. Interest in participation in SARI-E has been strong among public and private sector energy officials, as well as support from U.S. energy firms working in the region.

Performance and Prospects: In FY 2001, USAID expects to allocate approximately \$12 million in DA funds to continue AERA-funded activities; \$5 million in DA funds to continue the North Africa Regional

Trade and Investment Initiative; and \$11.568 million ESF and \$735,000 in DA funds to continue the South Asia Regional Initiative/Energy. Funding of the IT program will be initiated in FY 2002.

AERA is closely linked and coordinated with World Bank and Asian Development Bank crisis response efforts. The AERA program will provide technical assistance and training that complement ongoing structural adjustment loans funded by the International Monetary Fund and multilateral development banks. This close coordination will enable the program to have a significant impact, particularly in the areas of competitiveness, economic governance, and financial and corporate debt restructuring.

In FY 2001 and 2002, USAID will continue to focus on the systemic changes necessary to bring about structural reform and sustained economic growth. USAID bilateral programs in Indonesia and the Philippines will continue activities initiated by AERA. USAID will continue the AERA governance reform activities in Thailand and Vietnam.

U.S. North Africa Trade and Investment Initiative: Activities undertaken in FY 2001 will include efforts to improve the investment climate in Morocco via continued work to rationalize access to land and restructure the tourism sector. In Algeria, efforts will focus on helping to prepare the country for accession to the World Trade Organization. In Tunisia, funding will support training and university linkages, and continued operation of the Global Technology Network. Support for development of Internet and communications technologies will continue in all three countries.

SARI/Energy: Both governments and private sectors in South Asia have responded positively to the SARI/Energy program. Representatives from both the public and private sectors agree that the time is opportune to approach issues of energy development and trade from a regional perspective, in order to benefit from shared information, knowledge and experience. By linking SARI/Energy activities with ongoing USAID bilateral activities, as well as with other donor energy assistance, USAID expects the program to have a significant impact. The initial activities launching regional energy transmission and energy regulatory body partnerships have already created forums where key technical people from the region are learning from each other and other regions of the world in order to construct the unique building blocks for regional energy cooperation and trade in South Asia.

Information Technology: The FY 2002 program will work with NGOs, universities, other donors, foundations, and the private sector to promote IT development and applications. Additional resources will be leveraged from missions and other public and private partners, thereby broadening the pool of resources and expertise than can be mobilized in support of IT development.

Possible Adjustments to Plans: Starting in FY 2001, this regional objective includes funding for and reporting on activities previously notified under the objectives "Accelerating Economic Recovery in Asia" (498-001); "North Africa Regional Trade and Investment Initiative" (498-003), and "South Asia Regional Initiative/Energy" (498-031). In FY 2000, USAID took the decision to continue AERA-supported activities in Indonesia and the Philippines under ongoing bilateral programs. FY 2001 AERA funds will be focused on supporting regional activities and ongoing efforts in Thailand and Vietnam. In Vietnam, AERA efforts will be limited to encouraging the government to undertake policies and reforms needed to become better integrated into the world economy.

Other Donor Programs: AERA: The World Bank, Asian Development Bank, International Monetary Fund, European Union, and bilateral development agencies have pledged more than \$58 billion to help Indonesia, Thailand and the Philippines recover from the financial crisis. Donor assistance has taken the form of cash transfers to help these countries meet foreign exchange obligations. Although these resources have provided critical assistance and have supported essential policy and legal reforms, they have not delivered the necessary technical assistance and training to help the countries implement the required policy changes. Thus, the AERA initiative complements other donor assistance by providing the technical expertise and training that will be essential to fully implement the reforms needed for economic recovery.

U.S. North Africa Trade and Investment Initiative: A \$500 million multi-sector Policy Reform Adjustment Program and a sector-specific adjustment program in Morocco—beginning with \$200 million for telecommunications reform program—are planned with joint financing from the World Bank and African Development Bank. World Bank assistance to Tunisia includes funding for foreign investment promotion, service sector liberalization, and export development. In Algeria, the World Bank is preparing studies to promote privatization. The European Union has an extensive program to improve ties with the Maghreb, through agreements that may lead to a Euro-Mediterranean Free Trade Area by the year 2010. USAID will coordinate activities with other development partners to promote favorable conditions for private sector investors.

SARI/Energy: Donor assistance is almost entirely focused at a bilateral level, assisting countries in areas ranging from technical assistance in regulatory and pricing issues to providing loans for upgrading and rehabilitating domestic distribution and transmission systems. Although this bilateral assistance is essential, it does not provide a forum for countries to discuss and resolve cross-border issues necessary to rationalize energy supply and distribution across the region. SARI/Energy is uniquely positioned to fill this gap. The SARI/Energy program will provide fora for energy sector players to discuss policy and systems harmonization issues that need to be resolved, and to promote relationships and networks that foster the trust and confidence needed in the region to support agreements on energy trade. Thus, the program complements other donors' efforts and USAID's own bilateral programs through regional mechanisms, and takes energy development a step further into trade that will have economic growth and reduced greenhouse gas emissions benefits.

IT: ANE has been working closely with Japan and the World Bank to conduct IT assessments and coordinate initial pilot activities. A key strategy of the regional program will be to collaborate with private foundations and NGOs to leverage resources and expertise for the program.

Principal Contractors, Grantees, or Agencies: AERA activities are being implemented by the Kenan Institute Asia, the U.S. Chamber of Commerce, the U.S. National Committee for Pacific Economic Cooperation, Deloitte Touche Tomatsu, Development Alternatives, Inc., KPMG Peat Marwick, R. Robert Nathan Associates, the American Center for International Labor Solidarity, and the Asia Foundation.

U.S. North Africa Trade and Investment Initiative: In addition to a large number of existing USAID Global Bureau pre-qualified contractors, consultants from U.S. agencies such as Customs, Commerce, and Treasury will be utilized to provide short-term technical assistance.

SARI/Energy: Principal contractors and cooperators are the U.S. Energy Association, Nexant Consulting (a Bechtel subsidiary), Deloitte Touche Tohmatsu, Academy for Educational Development, Core International, Institute of International Education, and the National Association of State Development Agencies. Other expected partners will include the U.S. Chamber of Commerce and the Energy Information Administration of the U.S. Department of Energy.

IT: The program will be implemented through Global Bureau mechanisms.

Selected Performance Measures:

	Baseline (2000)	Target (2001)	Target (2002)
AERA:			
Cumulative value of debt workouts completed by the Jakarta Initiative Task Force (percentage increase in real terms)	3 billion	6 billion	TBD
Reduction in bank non-performing loans in the Philippines (as % of total loan portfolio)	12.48%	TBD	TBD
US-Thai business linkages (millions)	\$50	\$75	\$125

Number of key legislative and/or administrative reform measures in corporate and financial governance enacted or amended

-- Indonesia	4	7	TBD
-- Philippines	7	7	TBD

U.S.-North Africa Trade and Investment Initiative:

Maghreb-US private-sector business-linkages developed through the Global Technology Network	1	5	8
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Increase in volume of trade between U.S. and the Maghreb	1%	2%	2%
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SARI/Energy: The performance measures are still being developed. Preliminary measures include:

- Number of commercial documents drafted and regional gas assessments completed to facilitate infrastructure investment;
- Number of forums held and recommendations made to develop/modify laws, regulations and agreements to facilitate regional energy trade and private sector project development;
- Number of initiatives developed/adopted by regulatory bodies that support regional energy trade and development of projects with private sector participation;
- Number of processes/initiatives identified and addressed to facilitate harmonization of regional energy efficiency standards and practices;
- Number of best practices in rural energy delivery adapted to and implemented in more than one country;
- Cost of poor quality of service to economy and end-use sectors;
- Number of local/regional entities that promote energy sector reform; and
- Number of cases where participants have utilized knowledge or skills gained from training towards advocacy of energy sector reform and adoption of best practices.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Environment Managed for Prosperity and Sustainability, SO 498-024

Operating Unit Self-Assessment: Annual performance assessment unavailable (New SO)

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 5.3 – Sustainable urbanization; 5.5 – Sustainable management of natural resources increased.

Summary: Demands on water, natural resources, agricultural and environmental systems are intensifying across the Asia and Near East (ANE) region due to population growth, urbanization, industrialization, and agricultural development. Recent droughts, water shortages, and deteriorating water quality have highlighted the need for improved water resources planning and management across the Middle East and Asia. Industrial and air pollution are pressing environmental problems—serious air pollution in Asian cities is estimated to cause at least 1.5 million premature deaths per year. Over one-third of all agricultural land in Asia has been degraded, mainly through erosion, nutrient depletion, waterlogging and salinization. Much of this is due to poor land management and destructive irrigation and fertilization techniques. Asia's rich and diverse natural heritage is threatened by continuing fragmentation, degradation and loss of habitat. Asia has lost more of its original tropical forests than any other region of the world.

Despite the magnitude of these problems, significant opportunities exist. USAID plans to work through the Environment Managed for Prosperity and Sustainability objective to address key environmental issues, prevent conflicts, and promote environmentally sustainable economic development in the ANE region. This objective will: 1) promote innovative public-private partnerships and increase private sector participation in environmentally-sound water, agriculture, and urban development; 2) build national and regional capacity and strengthen the policy and regulatory environment for environmental planning and sustainable natural resources management; and 3) strengthen regional forums, networks, and associations for cooperation and advocacy for environmental protection and improved natural resources management.

The objective will be implemented through three carefully targeted, complementary activities. The East Asia and Pacific Environmental Initiative (EAPEI) component will improve environmental quality in the East Asia and Pacific region by expanding environmental capacity and knowledge through joint efforts of the Department of State and USAID. The South Asia Regional Environment component will help address South Asia's environmental needs and promote local and regional solutions to environmental problems by fostering improved environmental planning and management; strengthening regional forums, networks, and associations for environmental cooperation and advocacy; and strengthening local and regional capacity to design and carry out effective environmental and natural resources management programs. Under the Fostering Resolution of Water Resources Disputes component, USAID will help governments and key stakeholders in the Middle East to prevent conflicts and reach agreement on equitable and sustainable strategies, policies, and plans for managing scarce water resources. The water dispute resolution activity employs an innovative, collaborative problem solving approach for resolving water disputes between parties with divergent or competing interests, therefore addressing long-standing regional, national, and local domestic water issues throughout the Middle East.

Key Results: Key results for this new objective have not yet been completely developed, but will build on the results developed for previous regional environmental activities and results. Illustrative results are shown in the Selected Performance Measures section below.

Performance and Prospects: In FY 2001, this objective will focus on three activities: 1) the East Asia and Pacific Environmental Initiative (EAPEI); 2) the South Asia Regional Environmental Program (SAREP); and 3) Fostering Resolution of Water Resources Disputes (FORWARD).

In FY 2001, USAID will obligate \$3,488,000 ESF for the East Asia and Pacific Environmental Initiative. The EAPEI component will support reform of forest management policies and management systems to

enable communities to play a more formal role in the management of public forest lands. For example, through assistance to the Asia Forest Network and Community Forestry International, EAPEI will facilitate exchange of information on innovative community forestry policies, development strategies and best practices; and link community forestry activities around Southeast Asia. The goal of this activity is to accelerate the development and implementation of national and local policies and operational procedures that enable local communities to engage formally in management of forests under governmental jurisdiction.

In FY 2001, USAID will obligate \$1,188,000 ESF for the South Asia Regional Environmental Program. Under SAREP, research by the U.S. Geological Survey is expected to lead to a better understanding of the geochemistry and hydrology of arsenic contamination of groundwater in Bangladesh. SAREP will also provide technical assistance to the new Board of Directors, which will oversee the operation of the Bangladesh Tropical Forest Conservation Fund.

In FY 2001, USAID will obligate \$500,000 DA for the FORWARD component. FORWARD will explore new ways of overcoming obstacles to sustainable management of water resources. For example, in Egypt FORWARD will support efforts to remove the crippling debt burden placed on water authorities when they receive loans for infrastructure development from the Ministry of Finance. FORWARD will work with an oversight committee with representatives from every major stakeholder in the water sector. By late 2001, the final product will be developed. It will be a legal document that will require government and presidential approval to help revise the current system in Egypt, therefore helping these utilities to become more autonomous and financially self-supporting.

Possible Adjustments to Plans: Starting in FY 2001, this regional objective includes funding for and reporting on activities previously notified under the objectives “Fostering Resolution of Water Resources Disputes” (498-002); “South Asia Regional” (498-013); and “East Asia and Pacific Environmental Initiative” (498-015). New water conflict resolution activities may expand coverage of water issues from the Middle East to include Asia, and may promote more sustainable use of water to support agriculture development. Over the coming decade, water is expected to emerge as South Asia’s most vital and contested natural resource.

Other Donor Programs: This objective is being managed as a regional activity, with special attention to public-private partnerships and donor collaboration in its implementation. For example, in collaboration with the World Bank, UNICEF, and the Asian Development Bank, the South Asia Regional Environment component will support a comprehensive study of the sources and mechanisms that concentrate arsenic in groundwater in Bangladesh. Through EAPEI, USAID will expand its cooperation with major U.S. foundations active in East Asia and the Pacific, e.g., the MacArthur and Packard foundations, and with the bilateral programs of Japan, Germany, New Zealand, and Australia.

Principal Contractors, Grantees, or Agencies: Implementing partners include: 1) U.S. Government agencies, including the Environmental Protection Agency, National Oceanic and Atmospheric Administration, USDA Forest Service, Department of Interior, U.S. Geological Survey, and the Department of Energy; 2) U.S. consulting firms such as Development Alternatives, Inc.; 3) U.S. non-governmental organizations such as Conservation International, The Nature Conservancy, World Wildlife Fund, and World Resources Institute; 4) international agricultural research centers such as the International Center for Research on Agroforestry and the Center for International Forestry Research; 5) the University of Rhode Island’s Coastal Resources Center; and 6) international organizations such as the South Pacific Regional Environmental Program.

Selected Performance Measures: Performance measures are still being developed for this new activity. Measures likely will be consistent with previous regional environmental activities. Illustrative indicators include:

- Implementation of forest management policies that encourage conservation and more sustainable use of tropical forest resources

- Tropical Forest Conservation Act (TFCA) secretariat established and operational
- Number of mediated water agreements on track for implementation
- Enactment and enforcement of policies and regulations that prevent destructive fishing and promote marine conservation and management

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Asia & the Near East Regional HIV/AIDS and Infectious Disease Program, SO 498-029

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic framework: 4.4 – HIV transmission and the impact of the HIV/AIDS pandemic in developing countries reduced; 4.5 – Threat of infectious diseases of major public health importance reduced.

Summary: The Asia and Near East Regional HIV/AIDS and Infectious Disease program (498-029), started in June 2000, incorporated elements of the ANE Regional HIV/AIDS program (498-008) that was notified in the FY 2001 Budget Justification. The new activity was developed to provide a more integrated response to HIV/AIDS and infectious disease (ID) health issues, which often are related. The only obligation under this objective was in FY 2000. Funds under this activity will be expended by FY 2001, and the objective will be terminated. This objective is being replaced by a new integrated strategic objective, “Stabilize Population Growth and Protect Human Health” (498-022).

Key Results: The activity increased the number interventions to prevent, treat, or control IDs in mobile populations; expanded the number of countries with national ID prevalence and behavioral surveillance systems; and increased the number of implementing partners adopting best practices or new ID services.

Performance and Prospects: HIV/AIDS activities include the following: (1) HIV and STI surveillance in border areas in the Mekong region; (2) a seafarers intervention project targeting ports in Indonesia and Thailand; (3) regional training to expand the capacity of community organizations to provide and support for people living with AIDS; (4) cross-border HIV prevention programs in Nepal, India, and Thailand; (5) regional training for HIV program managers; (6) HIV/AIDS prevention activities in four provinces in Vietnam; (7) condom social marketing in Laos and Vietnam; and (8) an assessment of training needs for HIV voluntary counseling and testing programs in Vietnam, India, and Nepal.

Infectious disease activities include the following: (1) training on surveillance of drug-resistant malaria and related drug-use practices and drug quality in South and Southeast Asia; (2) developing and testing interventions, including new treatment regimens, to slow emergence and spread of drug-resistant malaria and improve the use of antimalarial drugs in Southeast Asia; and (3) standardizing surveillance and training methodologies for monitoring vector-borne diseases such as malaria in South Asia.

Possible Adjustments to Plans: Starting in FY 2001, funds will be obligated and activities will be reported under the regional objective “Stabilize Population Growth and Protect Human Health” (498-022)..

Other Donors: Key donors include the United Nations Joint Program on HIV/AIDS; the United Kingdom; the European Union; the United Nations Development Program; Japan; Australia; the Ford Foundation; Germany; the World Health Organization; and the World Bank.

Principal Contractors, Grantees, or Agencies: Contractors and grantees include Family Health International/IMPACT; PSI/AIDSMARK; the International HIV/AIDS Alliance; the Population Council/HORIZONS; and TVT Associates/SYNERGY. Infectious disease partners include: Abt Associates; Asian Collaborative Training Network for Malaria; Camp Dresser and McKee International; the Centers for Disease Control and Prevention; the Centre for Development and Population Activities; International Union Against TB and Lung Disease; the Johns Hopkins University; Kenan Institute of Asia, Thailand; Management Sciences for Health; TB Coalition for Technical Assistance; the U.S. Pharmacopeia Convention, Inc.; and the World Health Organization.

Selected Performance Indicators:

**Baseline
(2000)**

**Target
(2002)**

Number of interventions targeting mobile populations Implemented	4	5
Number of socially marketed condoms sold in non-presence countries (millions)	50	55
Innovative models developed and disseminated for: prevention, treatment, care, and support of persons affected by HIV or ID	5	6

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: South Asia Regional Initiative/Energy Program (SARI/Energy), SO 498-031

Operating Unit Self-Assessment: Program is meeting expectations

Link to U.S. National Interests: Global Issues: Environment, Population, Health

Link to USAID Strategic Framework: 1.1 – Critical private markets expanded and strengthened; 5.1 – Threat of global climate change reduced; 5.4 Use of environmentally sound energy services increased.

Summary: The SARI/Energy program rests on the fundamental energy dynamics in the South Asia region, which provide opportunities to promote cooperation among the region's countries. India, a large and expanding market for energy, relies on poor quality domestic coal for over half of its energy needs, while Sri Lanka needs to import more energy or power. On the supply side, Bangladesh possesses significant natural gas reserves while Nepal and Bhutan have enormous hydropower export capacity. SARI/Energy seeks to—

- Promote sustainable economic growth through greater development, trade and usage of clean energy resources in the region while minimizing greenhouse gas emissions and harm to human health;
- Increase the supply and efficient delivery of clean, reliable, affordable and market-based energy in South Asia in a manner that opens markets to U.S. goods and services, fosters cooperative partnerships within the region and between the U.S. and regional energy firms, and enhances international economic and political security; and
- Foster more open political, legal and institutional structures in South Asia so as to encourage regional and international energy trade and investment.

The South Asia Regional Initiative/Energy Program (SARI/Energy) encourages regional cooperation in energy development and the eventual trade in clean energy resources among the South Asian countries of Bangladesh, Bhutan, India, Nepal, the Maldives and Sri Lanka. Also, it will support sustained economic growth while minimizing greenhouse gas emissions and harm to human health. SARI/Energy will bring together energy sector players from public and private sectors across the region to discuss and resolve issues that impede trade and investment in energy development. For example, the program will support a regional partnership among chambers of commerce in the region to advocate for more open policy, legal, regulatory, trade, tax, financial, and institutional frameworks in South Asia. This will encourage regional and international energy trade and investment, open markets to United States goods and services, and enhance international economic and political security. SARI/Energy will also support partnerships between regulatory agencies, transmission companies, and utilities in the region, exposing them to best practices in the region, the U.S., and internationally. The program will build capacity in target countries to use analytical tools to undertake energy, economic, trade, investment, and environmental analyses necessary for energy policy-making and planning. The program also supports the regional adaptation of best practices and standards that lead to improved energy efficiency and rural energy services.

Taken together, these measures will help achieve the dual objectives of promoting sustainable economic development and market-driven energy sectors in South Asia, and a greater opening of markets to U.S. and regional firms. Furthermore, by promoting cooperation that builds on mutual economic interest, the program can help ease political tensions in the region and build trust and confidence among countries.

Key Results: SARI/Energy was approved in January 2000. Baseline sector information has been collected from Bangladesh, Bhutan, India, Nepal, and Sri Lanka during fact-finding visits, and incorporated into contractor and grantee integrated work plans. A SARI/Energy web site has been designed and will be on the Internet by May 2001. South Asian officials have traveled to the United States under the transmission and regulatory partnerships sponsored by the United States Energy Association (USEA), and a utility partnership has been launched with its first meeting in Mumbai, India.

The regulatory partnership has prioritized the drafting of a regional grid code and the sharing of tariff-setting mechanisms for regional energy exchange. Preparations are underway to link 18 Chambers of Commerce in the region with the U.S. Chamber of Commerce. The first training event, a course on marketing energy efficiency, was held in Sri Lanka in February. Capacity-building in regional infrastructure regulation and finance has been supported. The first technical assistance event was held in Nepal in March, and led to the formation of a technical level contact and advocacy group that has prioritized six key policy and technical issues to focus on in 2001. Partnership, training and technical assistance efforts will be linked in ways designed to reinforce the capabilities of key actors and to support policy and regulatory changes required for increased regional energy trade and cooperation. Interest in participation in SARI-E among public and private sector energy officials, as well as support from U.S. energy firms working in the region, has been strong. Anticipated results in FY 2001 include:

- Development of private sector plans and investments in infrastructure that facilitate regional energy exchange;
- Establishment or modification of policies, laws and regulations with private sector and civil society concurrence, to facilitate regional energy trade and cooperation;
- Broadened capacity of national regulatory agencies to support energy exchange among countries;
- Regional adaptation of best practices and standards that promote energy efficiency and improved commercial practices;
- Regional adaptation of best practices and standards that lead to improved rural energy services; and
- Increased participation of the private sector and civil society in sustainable regional energy development.

Performance and Prospects: South Asian governments and private sectors have responded positively to the SARI/Energy program. Representatives from both the public and private sectors agree that the time is opportune to approach energy development and trade from a regional perspective, in order to benefit from shared information, knowledge and experience. In linking SARI/Energy activities to ongoing USAID bilateral activities, as well as to other donor energy assistance, USAID expects the program to have a significant impact. The initial activities that launched regional energy transmission and energy regulatory body partnerships have already created forums where key technical people are learning from each other and from other regions of the world in order to construct the unique building blocks for regional energy cooperation and trade in South Asia.

Possible Adjustments to Plans: Starting in FY 2001, funds will be obligated and activities will be reported under the new regional objective “Encourage Economic Growth” (498-023).

Other Donor Programs: The World Bank, Asian Development Bank, and several bilateral donors are active in the energy sector in South Asia. However, their assistance is almost entirely bilateral in nature, assisting countries in areas ranging from technical assistance in regulatory and pricing issues to providing loans for upgrading and rehabilitation of domestic distribution and transmission systems. Although this bilateral assistance is essential to encourage domestic energy sector reform, it does not provide a forum for countries to discuss and resolve cross-border issues necessary to rationalize energy supply and distribution across the region. SARI/Energy is uniquely positioned to fill this gap. The SARI/Energy program will provide forums for energy sector actors to discuss policy and systems harmonization issues that need to be resolved, and to promote relationships and networks that foster the trust and confidence needed in the region to make decisions on energy trade. Thus the program’s regional mechanisms complement other donors’ efforts and USAID’s own bilateral programs. Moreover, SARI/Energy moves energy development further toward trade that will have both economic growth and reduced greenhouse gas emissions benefits.

Principal Contractors, Grantees, or Agencies: Principal contractors and cooperators are the U.S. Energy Association (USEA), Nexant Consulting (a Bechtel subsidiary), Deloitte Touche Tohmatsu, Academy for Educational Development, Core International, Institute of International Education, and the National Association of State Development Agencies. Other expected partners will include the U.S. Chamber of Commerce and the Energy Information Administration of the U.S. Department of Energy.

Selected Performance Measures: The performance measures are still being developed. Preliminary measures include:

- Number of commercial documents drafted and regional gas assessments completed to facilitate infrastructure investment;
- Number of fora held and recommendations made to develop/modify laws, regulations and agreements to facilitate regional energy trade and private sector project development;
- Number of initiatives developed/adopted by regulatory bodies that support regional energy trade and development of projects with private sector participation;
- Number of processes/initiatives identified and addressed to facilitate harmonization of regional energy efficiency standards and practices;
- Number of best practices in rural energy delivery adapted to and implemented in more than one country;
- Cost of poor quality of service to economy and end-use sectors;
- Number of local/regional entities that promote energy sector reform;
- Number of cases where participants have utilized knowledge or skills gained from training towards advocacy of energy sector reform and adoption of best practices.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Improved East Asia Regional Stability Through Democracy and Human Rights, SO 498-036*

Operating Unit Self-Assessment: Annual performance assessment unavailable (New SO)

Link to U.S. National Interests: Democracy

Link to USAID Strategic Framework: 2.1 – Rule of law and respect for human rights strengthened; 2.2 – Credible and competitive political processes encouraged; 2.3 – Development of politically active civil society promoted; 2.4 – More transparent and accountable government institutions encouraged

Summary: In recent years, the trend in the East Asia and Pacific region has been a transition from autocratic governments toward democracies and democratic institutions. However, this transition has been, at best, uneven. This activity supports the U.S. goal of increasing democracy, rule of law, and adherence to human rights. Also, it will promote democracy and human rights through the advancement of women throughout the region of East Asia and Pacific. Improvement in the status of women will lead to full enfranchisement of a nation's citizens, higher educational levels, more skilled labor forces, and reduced population growth. All of these goals are in the U.S. national interest.

Key Results: The activity will support democracy and governance projects that promote democratic institution-building in key countries in East Asia and the Pacific. It will provide funding to help perform the following:

- Enhance civil societies that can advocate on behalf of human rights, workers rights, the rule of law, and freedom of the press and assembly;
- Build democratic institutions and set standards for good governance and transparency;
- Promote regional dialogue focused on strengthening intra-regional networks of human and worker rights NGOs and on heightening the attention paid to human rights by Asian governments;
- Increase women's participation in the political process;
- Eliminate violence against women in all its forms; and
- Reduce the trafficking of women and children within and from the East Asian and Pacific region.

Performance and Prospects:

Regional democracy and governance: In FY 2000, funds were allocated to support Indonesia's transition to a democratic and decentralized government. Activities focused on anti-corruption (\$1 million ESF) and conflict resolution in Papua Province (\$1 million ESF). The anti-corruption activities include technical assistance to non-governmental organizations advocating for judicial reform and clean government; support for reform-oriented research and legal monitoring by selected law schools; and training for journalists in investigative reporting. In Papua Province, the activities included support for local truth and reconciliation activities; support for conflict monitoring and conflict resolution activities; media training; and technical assistance for political parties and legislative strengthening programs.

In FY 2001 and FY 2002, this activity will shift its focus to regional priorities beyond Indonesia. The FY 2001 programs (\$3,400,000 ESF) will be the subject of separate notification(s).

Regional women's issues: In FY 2000, the Department of State co-hosted with the Government of the Philippines a regional meeting of 23 nations and economies to discuss ways to reduce the trafficking of women and children. Concrete follow-on projects include support to NGOs in Cambodia that are working

* In FY 2000, FY 2001 and FY 2002, ESF resources for this program have been allocated from "East Asia and the Pacific Regional Democracy" and/or "East Asia and the Pacific Regional Women's Issues" in accordance with the Department of State's Congressional Presentation.

to enhance protection of trafficked persons, especially women and children, and to offer social services that will assist their reintegration into society. In addition, consistent with the focus on Indonesia's transition to democracy, projects were developed to help build the capacity of Indonesia's new Ministry for Empowerment of Women. This is a novel approach that could serve as a model for other Islamic countries. Support was also provided to women's NGOs that have been successful in advocating for democratic change and are addressing a number of critical issues concerning women, including women's political participation, domestic violence and the trafficking of persons.

In FY 2001 and FY 2002, this activity (\$3 million and \$5 million ESF, respectively) will broaden its focus to support region-wide programs and projects that empower women to participate fully in democracy-building efforts and in their government at all levels, that combat violence against women and that deter trafficking. The activities will be aimed at the following:

- Increasing women's leadership in decision making bodies, particularly at the local level;
- Strengthening the advocacy capacity of women's organizations to shape policy processes and outcomes;
- Raising societal awareness of, and commitment to, the basic notion of women's rights;
- Improving effective community support and enforcement mechanisms through which women can seek protection and redress;
- Increasing awareness of trafficking to at-risk individuals, advancing protection of trafficking victim's legal rights and access to justice, and promoting coordination and collaboration between NGOs and government agencies within and across borders.

Country programs may include: Indonesia, Cambodia (none of the funds will be made available to the central government), Vietnam, the Philippines, and Thailand.

Possible Adjustments to Plans: Starting in FY 2001, this regional objective includes funding for and reporting on activities previously notified under the objectives "East Asia Regional Democracy Fund" (498-016) and "East Asia Regional Women's Issues" (498-035).

Other Donor Programs: A number of donors are engaged in anti-trafficking and other women's empowerment programs in the region. USG programs are carefully coordinated. Other major donors include Australia and Japan.

Principal Contractors, Grantees, or Agencies: The Asia Foundation, The American Center for International Labor Solidarity, and others to be determined.

Selected Performance Indicators: A formal monitoring and evaluation plan has not yet been established. Possible indicators for the program include:

- National Action Plans to combat trafficking of women and children identified and implemented.
- Increased number of women holding official positions.
- Increased passage of laws protecting women's rights.
- Increased passage and implementation of laws that protect civil liberties and due process.
- Increased number of instances of measurable impacts on the formulation of government policies due to activities of grantee NGOs.

PROGRAM: Asia and the Near East Regional

TITLE AND NUMBER: Improved South Asia Regional Stability Through Democracy and Human Rights, SO 498-037*

Operating Unit Self-Assessment: Annual performance assessment unavailable (New SO)

Link to U.S. National Interests: Democracy

Link to USAID Strategic Framework: 1.3 – Access to economic opportunity expanded and made more equitable; 2.1 – Rule of law and respect for human rights strengthened; 2.2 – Credible and competitive political processes encouraged; 2.3 – Development of politically active civil society promoted; 2.4 – More transparent and accountable government institutions encouraged; 3.1 – Access to quality basic education expanded.

Summary: The United States has a vital interest in maintaining stability and strengthening the democratic form of government in South Asia because of the threat of nuclear proliferation and potential political unrest that could close the door to Western investment and economic development, which is critical to improving the quality of life in one of the poorest regions of the world. South Asia, home to over one-fifth of the world's population, is becoming increasingly unstable. In addition to the India/Pakistan nuclear threat, several countries in South Asia face armed insurgencies. The development of democratic institutions is incomplete. Government accountability is poor and corruption is high, undermining investment potential and public confidence in government institutions. Human rights abuses abound in each country in the region, demonstrated by the low status of women, the trafficking of women and children, and widespread exploitation of child labor.

Key Results:

- Elements of democratic systems strengthened: While elections do take place in South Asia, and the basic institutions of democracy do exist—parliaments, judiciaries, and executive agencies—these institutions are often weak and ineffective. This activity will be oriented to address the substance of needed democratic reforms.
- Promotion of women and children's equity: The low status of women and girls, combined with persistent poverty, contributes to high rates of trafficking in women and children, domestic violence and child labor. This activity will be designed to encourage implementation of laws and practices that reduce human rights violations against women and children and to support greater opportunities for the equitable participation of women and children in social, political, educational, and economic life.
- Confidence building: There are compelling economic and global issues that are galvanizing certain groups in the region to advocate for the difficult but necessary tasks of national reconciliation and regional cooperation. These groups are making inroads on important issues, such as water sharing, free trade and joint ventures, anti-corruption, and cooperation in the energy sector. This activity will support these efforts as an essential step toward building the basic level of confidence within and among countries in the region.

* In FY 2001, ESF resources for this program, including Pakistan, have been allocated from "South Asia Democracy" and/or "South Asia Women and Children Support Funds" and/or "South Asia Regional Stability" in accordance with the Department of State Congressional Presentation. In FY 2002, ESF resources are budgeted from resources allocated for the "South Asia Regional Fund" in accordance with the Department of State Congressional Presentation.

Performance and Prospects: The following activities and funding amounts are illustrative.

1) In FY 2001 and FY 2002, this objective will support efforts to strengthen democratic systems throughout the region, complementing and reinforcing bilateral activities. In FY 2001, approximately \$2.1 million ESF will be obligated for the following:

- Bangladesh – election preparation and monitoring, labor rights promotion
- Nepal – public advocacy training, training for newly elected women leaders
- Sri Lanka – legal aid and human rights assistance, electoral reform

2) In FY 2001 and FY 2002, the objective will support efforts to improve the status of women and address human rights abuses, particularly related to women and children. In FY 2001, approximately \$3.8 million DA, \$272,000 CSD, and \$964,000 ESF will be obligated for the following:

- Bangladesh – anti-violence against women
- Sri Lanka – programs for at-risk youth, including child soldier rehabilitation
- Nepal – literacy training for women
- India – combat abusive child labor practices, women’s micro-finance program

3) In FY 2001 and FY 2002, this objective will explore activities to support India-Pakistan reconciliation and other conflict resolution efforts in the region. In FY 2001, approximately \$300,000 ESF will be obligated to support community-based organizations in developing inter-ethnic confidence building measures in Sri Lanka.

4) In FY 2001, this objective also will provide approximately \$7.1 million ESF for planned programs in Pakistan, including the Pakistan NGO Initiative (\$2.2 million); democracy and governance (\$2 million); basic education (\$2.5 million); India-Pakistan confidence building measures (\$300,000); and anti-trafficking (\$100,000). Prior to implementing any activities, a national interest determination will be made, and these activities will be the subject of a separate Congressional notification.

Note: This objective also will support a small grants program managed by the Department of State. In FY 2001, \$1.4 million is planned (not included in the above funding amounts). The small grants program will be the subject of a separate notification by the Department of State.

Possible Adjustments to Plans: Starting in FY 2001, this regional objective includes funding for and reporting on activities previously notified under the objectives “South Asia Regional Democracy Fund” (498-014) and “South Asia Regional Initiative/Women’s and Children’s Equity (498-030).

Other Donor Programs: A number of bilateral and multilateral donors are engaged in human rights and democracy issues in the region. USG programs are well coordinated. Other major donors include: European Union, UNDP, the World Bank, and Canada. Child labor and anti-trafficking programs are designed in coordination with the International Labor Office’s International Program on the Elimination of Child Labor, the World Bank, the Asian Development Bank, UNIFEM, and other U.N. entities.

Principal Contractors, Grantees, or Agencies: Partners for democracy and governance activities include: The Asia Foundation, Aga Khan Foundation, International Foundation for Election Systems, National Democratic Institute, International Republican Institute, and other contractors and grantees to be determined. UNIFEM is implementing a three to five year regional anti-trafficking program, complemented by bilaterally-funded NGO activities. In India, the child labor program includes grant support to UNDP, CARE, and Catholic Relief Services that in turn provide sub-grant assistance to leading local NGOs. The micro-finance activity will be implemented by a local NGO, Friends of Women’s World Banking.

Selected Performance Indicators:

- Number of laws/conventions/policies developed with input from USG-assisted organizations and coalitions
- Number of targeted beneficiaries supported by model programs for educational and vocational programs focused on women and girls
- Number of women and children's rights advocacy networks strengthened
- Establishment of databases that provide timely information on trafficking and child labor

Part III: Resource Request

Regional Programs

FY 2002 DA/CSD														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 2002
I.R. # , Title	Starting Pipeline	Total	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival & Maternal Health (*)	Other Infectious Diseases (*)	HIV/AIDS (*)	Vulnerable Children (*)	Environ	D/G		
498-007 Program Development and Learning															
Bilateral	12,069	7,959	0	2,200	740	2,302	400	1,075	0	0	0	392	850	12,069	7,959
Field Spt		0													0
	12,069	7,959	0	2,200	740	2,302	400	1,075	0	0	0	392	850	12,069	7,959
498-022 Stabilize Population Growth and Protect Human Health															
IR: 498-022.1 Regional HIV/AIDS & Infectious Disease															
Bilateral	11,237	10,400							3,600	6,800				11,237	10,400
Field Spt		0													0
	11,237	10,400	0	0	0	0	0	0	3,600	6,800	0	0	0	11,237	10,400
498-023 Encourage Economic Growth															
IR 23.1 Accelerating Economic Recovery in Asia (AERA)															
Bilateral	5,250	0						0						4,000	1,250
Field Spt		0													0
	5,250	0	0	0	0	0	0	0	0	0	0	0	0	4,000	1,250
IR: 23.2 North Africa Regional Trade and Investment Initiative															
Bilateral	200	0												200	0
Field Spt		0													0
	200	0	0	0	0	0	0	0	0	0	0	0	0	200	0
IR: 23.3 South Asia Regional Initiative/Energy Program (SARI/Energy)															
Bilateral	10,000	7,500		3,600								2,900	1,000	10,000	7,500
Field Spt		0													0
	10,000	7,500	0	3,600	0	0	0	0	0	0	0	2,900	1,000	10,000	7,500
498-024 Manage the Environment for Sustainability and Prosperity															
IR: 498-24.1 Fostering Resolution of Water Resource Disputes															
Bilateral	500	0												500	0
Field Spt		0													0
	500	0	0	0	0	0	0	0	0	0	0	0	0	500	0
498-038 Improve South Asia Stability Through Democracy and Human Rights															
IR: 498-038.2 South Asia Regional Initiative/Women and Children's Equity															
Bilateral	0	1,272		500	272								500	1,000	272
Field Spt		0													0
	0	1,272	0	500	272	0	0	0	0	0	0	0	500	1,000	272
Total	39,256	27,131	0	6,300	1,012	2,302	400	1,075	3,600	6,800	0	3,292	2,350	39,006	27,381

FY 2002 Request Agency Goal Totals	
Econ Growth	6,300
Democracy	2,350
HCD	3,314
PHN	11,875
Environment	3,292
GCC (from all Goals)	

FY 2002 Account Distribution (DA only)	
DA Program Total	14,644
CSD Program Total	12,487
TOTAL	27,131

Regional Programs

FY 2002 ESF														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 2002	
I.R. # , Title	Starting Pipeline	Total	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival & Maternal Health (*)	Other Infectious Diseases (*)	HIV/AIDS (*)	Vulnerable Children (*)	Environ	D/G			
498-023 Encourage Economic Growth																
IR: 23.1 Accelerating Economic Recovery in Asia (AERA)																
Bilateral	4,962	5,000		5,000				0							6,000	3,962
Field Spt		0														0
	4,962	5,000		5,000				0							6,000	3,962
IR: 23.2 North Africa Regional Trade and Investment Initiative																
Bilateral	986	5,000		5,000											4,000	1,986
Field Spt		0														0
	986	5,000		5,000				0							4,000	1,986
IR: 23.3 South Asia Regional Initiative/Energy Program (SARI/Energy)																
Bilateral	1,900	0		0											1,900	0
Field Spt		0														0
	1,900	0		0				0							1,900	0
498-024 Manage the Environment for Sustainability and Prosperity																
IR: 498-24.2 East Asia Pacific Environmental Initiative																
Bilateral	4,769	4,000													4,769	4,000
Field Spt		0														0
	4,769	4,000		0				0							4,769	4,000
498-036 Improve Middle East Stability Through Democracy and Human Rights																
IR: 498-036.1 Middle East Regional Democracy Fund																
Bilateral	5,000	7,000		3,000											4,000	7,000
Field Spt		0														0
	5,000	7,000		3,000				0							4,000	7,000
IR: 498-036.2 Middle East Peace Process - Multilateral Working Groups and MERC																
Bilateral	0	8,000		8,000											8,000	0
Field Spt		0														0
	0	8,000		8,000				0							8,000	0
498-037 Improve East Asia Stability Through Democracy and Human Rights																
IR: 498-037.1 East Asia Regional Democracy Fund																
Bilateral	11,250	6,000													6,000	8,000
Field Spt		0														0
	11,250	6,000		0				0							6,000	8,000
IR: 498-037.2 East Asia Regional Women's Issues																
Bilateral	2,400	5,000													5,000	3,000
Field Spt		0														0
	2,400	5,000		0				0							5,000	3,000
498-038 Improve South Asia Stability Through Democracy and Human Rights																
IR: 498-038.2 South Asia Regional Initiative/Women and Children's Equity																
Bilateral	3,000	7,000													7,000	5,000
Field Spt		0														0
	3,000	7,000		0				0							7,000	5,000
Total	34,267	47,000		21,000				0							47,669	33,598

Econ Growth	
Request Agency Go Democracy	0
HCD	21,000
PHN	22,000
Environment	0
GCC (from all Goals)	0
	4,000
	0

FY 2002 Account Distribution (ESF only)	
ESF Program Total	47,000

Regional Programs

FY 2003 DA/CSD														Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 2002
I.R. # , Title	Starting Pipeline	Total	Agriculture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival & Maternal Health (*)	Other Infectious Diseases (*)	HIV/AIDS (*)	Vulnerable Children (*)	Environ	D/G		
498-007 Program Development and Learning															
Bilateral	7,959	9,759	759	2,500	0	2,200	900	2,000	0	0	0	400	1,000	7,309	10,409
Field Spt	0	0												0	0
	7,959	9,759	759	2,500	0	2,200	900	2,000	0	0	0	400	1,000	7,309	10,409
498-022 Stabilize Population Growth and Protect Human Health															
IR: 498-022.1 Regional HIV/AIDS & Infectious Disease															
Bilateral	10,400	10,000							4,000	6,000				10,400	10,000
Field Spt	0	0												0	0
	10,400	10,000	0	0	0	0	0	0	4,000	6,000			0	10,400	10,000
498-023 Encourage Economic Growth															
IR 23.1 Accelerating Economic Recovery in Asia (AERA)															
Bilateral	1,250	0						0						1,250	0
Field Spt	0	0												0	0
	1,250	0	0	0	0	0	0	0	0	0			0	1,250	0
IR: 23.3 South Asia Regional Initiative/Energy Program (SARI/Energy)															
Bilateral	7,500	8,300		5,000								3,300	0	10,000	5,800
Field Spt	0	0												0	0
	7,500	8,300	0	5,000	0	0	0	0	0	0		3,300	0	10,000	5,800
498-038 Improve South Asia Stability Through Democracy and Human Rights															
IR: 498-038.2 South Asia Regional Initiative/Women and Children's Equity															
Bilateral	272	3,000		1,000									2,000	2,000	1,272
Field Spt	0	0												0	0
	272	3,000	0	1,000	0	0	0	0	0	0			2,000	2,000	1,272
Total	27,381	31,059	759	8,500	0	2,200	900	2,000	4,000	6,000		3,700	3,000	30,959	27,481

FY 2002 Request Agency Goal Totals	
Econ Growth	9,259
Democracy	3,000
HCD	2,200
PHN	12,900
Environment	3,700
GCC (from all Goals)	0

FY 2002 Account Distribution (DA only)	
DA Program Total	19,059
CSD Program Total	12,000
TOTAL	31,059

Regional Programs

FY 2003 ESF																
I.R. # , Title	Starting Pipeline	Total	Agri-culture	Other Economic Growth	Children's Basic Education (*)	Other HCD	Population	Child Survival & Maternal Health (*)	Other Infectious Diseases (*)	HIV/AIDS (*)	Vulnerable Children (*)	Environ	D/G	Est. S.O. Expenditures	Est. S.O. Pipeline End of FY 2002	
498-023 Encourage Economic Growth																
IR: 23.1 Accelerating Economic Recovery in Asia (AERA)																
Bilateral	3,962	5,000		5,000				0						4,962	4,000	
Field Spt		0													0	
	3,962	5,000	0	5,000	0	0	0	0	0	0	0	0	0	4,962	4,000	
IR: 23.2 North Africa Regional Trade and Investment Initiative																
Bilateral	1,986	6,000		6,000										1,986	6,000	
Field Spt		0													0	
	1,986	6,000	0	6,000	0	0	0	0	0	0	0	0	0	1,986	6,000	
IR: 23.3 South Asia Regional Initiative/Energy Program (SARI/Energy)																
Bilateral	0	2,000		1,000								1,000	0	2,000	0	
Field Spt		0													0	
	0	2,000	0	1,000	0	0	0	0	0	0	0	1,000	0	2,000	0	
498-024 Manage the Environment for Sustainability and Prosperity																
IR: 498-24.2 East Asia Pacific Environmental Initiative																
Bilateral	4,000	10,000										10,000		8,000	6,000	
Field Spt		0													0	
	4,000	10,000	0	0	0	0	0	0	0	0	0	10,000	0	8,000	6,000	
498-036 Improve Middle East Stability Through Democracy and Human Rights																
IR: 498-036.1 Middle East Regional Democracy Fund																
Bilateral	5,000	7,000		2,000									5,000	8,000	4,000	
Field Spt		0													0	
	5,000	7,000	0	2,000	0	0	0	0	0	0	0	0	5,000	8,000	4,000	
IR: 498-036.2 Middle East Peace Process - Multilateral Working Groups and MERC																
Bilateral	0	5,000		5,000										5,000	0	
Field Spt		0													0	
	0	5,000	0	5,000	0	0	0	0	0	0	0	0	0	5,000	0	
498-037 Improve East Asia Stability Through Democracy and Human Rights																
IR: 498-037.1 East Asia Regional Democracy Fund																
Bilateral	9,250	10,000											10,000	12,000	7,250	
Field Spt		0													0	
	9,250	10,000	0	0	0	0	0	0	0	0	0	0	10,000	12,000	7,250	
IR: 498-037.2 East Asia Regional Women's Issues																
Bilateral	4,400	10,000											10,000	8,000	6,400	
Field Spt		0													0	
	4,400	10,000	0	0	0	0	0	0	0	0	0	0	10,000	8,000	6,400	
498-038 Improve South Asia Stability Through Democracy and Human Rights																
IR: 498-038.2 South Asia Regional Initiative/Women and Children's Equity																
Bilateral	5,000	3,000											3,000	6,000	2,000	
Field Spt		0													0	
	5,000	3,000	0	0	0	0	0	0	0	0	0	0	3,000	6,000	2,000	
Total	33,598	58,000	0	19,000	0	0	0	0	0	0	0	11,000	28,000	55,948	35,650	

FY 2003 Request Agency Goal Totals	
Econ Growth	19,000
Democracy	28,000
HCD	0
PHN	0
Environment	11,000
GCC (from all Goals)	0

FY 2003 Account Distribution (ESF only)	
ESF Program Total	58,000

Supplemental Information Annexes—Nonpresence Countries

BURMA

Introduction.

Since 1962, Burma has been ruled by a military junta, the State Peace and Development Council (SPDC), that has brutally suppressed any form of dissent and has presided over a significant deterioration of the country's economic and social performance. Since the late 1980s, the regime has carried out aggressive military campaigns against ethnic populations, primarily located along the Thai-Burma border. These campaigns, along with the severe suppression of dissent and the deteriorating economy within Burma, have led to a growing population of economic and political refugees, both within Burma and in surrounding countries. Of the population that fled Burma, approximately 155,000 live in refugee camps in Thailand and Bangladesh. Another estimated 1,000,000 Burmese live in countries surrounding Burma (approximately 700,000 live in Thailand), but outside formal refugee camps.

The regime's war against the ethnic populations along the Thai-Burma border has displaced another estimated 800,000 civilians inside Burma, some of whom have been forcibly relocated to camps near military outposts, while the remainder are hiding from the regime's army in the mountainous jungle.

Beginning in FY 1996, Congress earmarked funds for humanitarian and democracy programs related to the crisis in Burma and along Burma's border with Thailand. In FYs 1996 and 1997, the funds were primarily for activities designed to strengthen and support nascent democratic efforts inside and outside Burma. Those funds were managed by the Department of State's Bureau for Democracy, Human Rights and Labor. In FY 1998, \$5 million was appropriated for Burma, of which \$1.5 million was allocated to support humanitarian assistance to refugees located along the Thai-Burma border. Those funds complemented activities already being funded under the Department of State's Population, Refugees and Migration program. USAID contributed \$1.5 million in Development Assistance funds to those efforts and began that year to manage the humanitarian activities under the earmark. In FYs 1999, 2000, and 2001, the earmark was increased to \$6.5 million, including \$3 million for humanitarian activities and \$3.5 million for democracy activities. USAID has continued to fund and manage the humanitarian component and is taking a greater role in managing the democracy component of the earmark.

Development Challenge.

The United States is challenged with how to effectively support and influence an eventual peaceful transition to a democratically elected government in Burma, while helping provide critical assistance to the growing number of refugees and displaced people living inside Burma and along Burma's borders. The U.S. Government maintains a continued interest in the transition of Burma from a rogue state to a member of the world community. Until this transition occurs, the U.S. Government is committed to help alleviate the suffering of displaced Burmese.

Other Donors.

The activities being funded under the earmark operate independently of the Burmese regime, but are coordinated with major donors supporting democracy and humanitarian assistance in Burma. The Organization for Economic Cooperation and Development ranked the United States fourth among donors assisting Burma between 1993-1997, behind Japan, France, and Germany. Bilateral donor programs that focus on humanitarian assistance in Burma include Australia and the United Kingdom. Multilateral donors with activities in Burma include the United Nations Children's Fund, the United Nations Development Program, the World Food Program, and the United Nations High Commission for Refugees.

FY 2002 Program.

Assistance will continue to focus on three interrelated programmatic objectives that:

- Develop the capacity of the Burmese people to manage the eventual transition to a democratic society in a participatory, transparent, and accountable manner;
- Maintain and/or increase pressure on the SPDC to improve its human rights record; and
- Maintain and/or increase pressure on the SPDC to engage in meaningful dialogue with the democratic opposition and ethnic minorities leading toward a peaceful transition to a democratically elected government.

ACTIVITY DATA SHEET

PROGRAM: Burma

TITLE AND NUMBER: Democracy and Humanitarian Assistance, 482-002

STATUS: Continuing

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$1,000,000 DA; \$2,000,000 CSD; \$3,488,000 ESF

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$1,000,000 DA; \$2,000,000 CSD; \$3,500,000 ESF

INITIAL OBLIGATION: FY 1996

ESTIMATED COMPLETION DATE: FY 2002

Summary: Since 1998, USAID and the Department of State have shared funding of the Burma earmark. The FY 2001 Burma earmark requires that at least \$6.5 million be provided to support democracy activities in Burma, democracy and humanitarian activities along the Burma-Thailand border, and for Burmese student groups and other organizations located outside Burma. In FY 2001, USAID will contribute \$3 million to fund the humanitarian assistance component of the Burma earmark.

Key Results: Appropriated funds support the U.S. Government's overall objectives of supporting progress toward democracy, improved human rights, and provision of humanitarian assistance to people displaced by war. USAID and the Department of State have drafted a planning framework for the program and are developing indicators that can be reported on in future years.

Performance and Prospects: In FY 2001, the U.S. Government will invest \$1 million in DA funds and \$2 million in CSD funds for humanitarian assistance, and nearly \$3.5 million in ESF funds for democracy activities. All of these funds will continue activities that assist Burmese refugees, internally displaced people, and pro-democracy groups. To date, these program activities have supported training and advocacy for a transition to a democratic government in Burma as well as and humanitarian assistance to refugees living along the Thai-Burma border. Humanitarian activities have improved access to primary health care, helped maintain nutrition and food security of the refugee population, and improved the quality of education being provided to refugee children.

Possible Adjustments to Plans: USAID and the Department of State are exploring opportunities to expand capacity-building activities, especially in the areas of post-secondary training for youths, adult literacy, and technical and advocacy mechanisms.

Other Donor Programs: The U.S. Government programs operate independently of the Government of Burma, but are coordinated with efforts of over 30 other donor agencies through the Coordinating Council for Support to Displaced Persons in Thailand and the Burma Border Consortium.

Principal Contractors, Grantees, or Agencies: Principal grantees include the National Endowment for Democracy; the International Relief Committee; World Education/World Learning Consortium; the American Center for International Labor Solidarity; Open Society Institute; InterNews; and Prospect Burma.

Selected Performance Measures: Performance indicators are being developed that will encompass democracy, human rights, and humanitarian assistance efforts.

ISRAEL

Introduction.

USAID assistance to the Government of Israel (GOI) supports the U.S. objective of achieving peace in the Middle East. Toward that end, the U.S. helped broker the Camp David Accords signed by Israel and Egypt in 1978. In addition, Israel signed the Declaration of Principles with the Palestinian Authority on September 13, 1993 and the Interim Agreement on September 28, 1995. Israel signed the Peace Treaty with Jordan on October 17, 1994, and the Wye River Memorandum took effect on October 23, 1998.

Israel's economy continues to become increasingly sophisticated and technologically advanced, yet the political instability and ongoing conflict hinders the extent of possible economic and technological progress. The economy has responded favorably in recent years to the restructuring imposed after the crises and hyper-inflation of the mid-1980s. The real gross domestic product (GDP) growth rate was 6.0% in 2000, up from 2.3% in 1999. As a result, the budget deficit in 2000 was only 0.6% of GDP. After two years of decline, the GDP per capita increased by 3.4%. GDP per capita surpassed \$17,500 by the end of 2000, close to the level of many developed countries. The literacy rate is 95%, and life expectancy is 78 years. The infant mortality rate is eight per 1,000 births. The economy boomed in the first three quarters of 2000, but contracted in the last quarter, primarily due to the security situation. Small high-tech start-ups drove growth, despite the relatively small size of this sector. Unemployment has stayed high at 8.8%—only marginally lower than the 1999 rate of 8.9%—due to the rapid rise in the labor force population, which has outpaced the increase in job creation. Real wages rose sharply in the high-tech sector, however, with the supply of skilled workers unable to keep up with demand. Israel registered zero inflation by the end of 2000. The trade deficit declined by 11.5% in 2000, thanks largely to a 58% rise in high-tech export sales. Imports grew by 15% as energy costs increased. The current account deficit for the first nine months showed an improvement. Foreign direct investment surged, but capital outflows also rose.

Development Challenge.

Political instability and uncertainty define much of Israel's development challenge at this time, and will impact the nature and pace of economic reform in Israel. This is particularly true in light of the upsurge in Israeli-Palestinian violence since September 2000. The new Israeli leadership is clarifying its economic policy framework. While overall growth was strong in 2000 and particularly during the first three-quarters of the year, the ongoing violence led to an economic downturn toward the end of the year. The fiscal deficit rose during the last two months of the year due to a surge in military expenditures and falling tax revenues. The GDP growth rate slowed during the last quarter. The main branches of the economy hurt by the geopolitical developments in the last quarter were tourism, construction and agriculture. In addition, there was a sharp decline in exports to the West Bank and Gaza.

For 2001, a further downturn in the economy is expected, and the GDP growth rate will likely slow. The expansion of fiscal spending, coupled with weaker revenue, will lead to a rise in the fiscal deficit. The Bank of Israel has warned of developments that could destabilize the economy, such as further deterioration of the political situation, or a substantial rise in volatility on world financial markets.

Global growth peaked in mid-2000. With the downturn in the U.S. and the European Union economies, Israeli export growth could slow. In addition, new leadership is at the helm in both the U.S. and Israel. Relations with more moderate Arab governments, built up slowly since the Oslo process began in 1993, have deteriorated as a result of recent events. It will take some time, using unambiguous demonstrations of goodwill and progress toward peace, to recover ground.

To strengthen the economy, more work is needed to liberalize and restructure the large public sector. The Government of Israel needs to reduce its spending, improve the tax and public wage structures, increase the pace of privatization, reform the labor markets, facilitate private-sector development and investment, expand governmental infrastructure investment, reduce the balance of payments and sustain export growth. But political and governance obstacles remain. As economic progress and peace serve one another, explicit progress on achieving peace will be needed as well to allow Israel to reach its full economic and development potential.

Other Donors.

The United States remains the largest bilateral donor.

FY 2002 Program.

In FY 2002, the cash transfer funding level is expected to be \$720 million. The Cash Transfer Program supports policy reform for structural adjustments in Israel that can lead to economic and political stability, domestically and the larger Middle East region. It is aimed at strengthening Israel's domestic economy to enable the Government of Israel (GOI) to more easily balance requirements to pay foreign debts while financing other annual government expenditures, therefore easing the economic pressure on the Government of Israel. The U.S. Government's economic and other programs in Israel are aimed at enhancing the Government of Israel's ability to take the steps necessary to reach agreements with its neighbors on a host of peace related issues.

In addition to the bilateral program, a USAID Bureau for Humanitarian Response program demonstrates U.S. educational and medical technologies and practices through three different activities in Israel.

ACTIVITY DATA SHEET

PROGRAM: Israel

TITLE AND NUMBER: Support Policy Reform for Financial Stability and Structural Adjustments Needed for Rapid Sustainable Growth, 271-001 (271-K640)

STATUS: New

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$840,000,000

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$720,000,000

INITIAL OBLIGATION: FY 2002 **ESTIMATED COMPLETION DATE:** FY 2002

Summary: The purpose of the Israel Cash Transfer is to support policy reform for structural adjustments in Israel to achieve economic and political stability in Israel and the Middle East region. The FY 2001 Cash Transfer Program is aimed at strengthening Israel's civilian economy to enable the Government of Israel (GOI) to more easily balance requirements to pay foreign debts while financing other annual government expenditures. Through this process, the economic pressures on the GOI will be eased. Economic and political stability in Israel is essential to the achievement of U.S. foreign policy goals in the region. The U.S. Government's (USG) economic and other programs in Israel are aimed at enhancing the GOI's ability to take the steps necessary to reach agreements with its neighbors on a host of peace related issues.

Key Results: The U.S. does not condition the cash transfer to Israel on economic policy reform. However, the U.S. does seek certain results. The Joint Economic Development Group, chaired by the U.S. Department of State, encourages Israeli efforts to: 1) reduce government spending and deficits; 2) reduce the balance of payments deficit; 3) improve tax and public wage structures; 4) increase privatization; 5) reform labor markets; 6) continue liberalization of the trade regime; 7) expand business investment and governmental infrastructure investment; and 8) sustain export growth. Since 1993, export competitiveness has improved, and inflation has been reduced.

Performance and Prospects: FY 2002 funds will be provided as a cash transfer and will be used by Israel primarily for repayment of debt to the United States, including foreign military sales debt, and purchases of goods and services from the United States. The U.S. Department of State will continue to encourage Israeli reforms to reduce government spending and deficits, to improve tax and public wage structures, to increase privatization, to reform labor markets and to continue to liberalize its trade regime.

Possible Adjustments to Plans: None.

Other Donor Programs: The United States is the largest bilateral donor to Israel.

Principal Contractors, Grantees, or Agencies: The transfer is accomplished by a direct grant to the Government of Israel.

Selected Performance Measures: The program encourages more investment and economic activity, thereby resulting in increased foreign exchange earnings. Increased domestic and regional stability is anticipated through improved economic performance in Israel.

LAOS

Introduction.

Laos is one of the poorest and least developed countries in East Asia. In 1998, its 5.1 million people had an estimated per capita income of just \$320. Social indicators in the Laos, among the worst in the region, are comparable to those of sub-Saharan Africa, e.g., infant mortality in Laos is 96 per 1,000 births, compared with an average of 92 in Sub-Saharan Africa. Agriculture remains the economic mainstay, contributing 53 percent of the Gross Domestic Product (GDP) and employing over 80 percent of the labor force. Laos remains the world's third largest producer of illicit opium.

USAID assistance to Laos is provided under two programs: the Laos Economic Acceleration Program for the Silk Sector (LEAPSS – initiated in 1998 through a Congressional earmark) and the War Victims and Displaced Children program, funded through the Leahy War Victims Fund (LWVF). LEAPSS was designed to build on development activities of the Lao American Crop Control Project—premised on the observation that opium in the region is largely grown for economic security. Yields from rice, the staple crop, are insufficient to feed farmer families. Because of its high value and resistance to spoilage, opium has been the best cash crop available to isolated farmers. Inadequate transportation infrastructure and uncoordinated economic policies have prevented silk production from reaching its full potential. Consequently, the production of high quality Lao silk is insufficient to meet demand in Vientiane. Silk weavers in the capital must use imported silk although they would prefer to use Lao-produced varieties.

In 1990, USAID began providing assistance for the prosthetics and orthotics needs of the disabled in Laos through the LWVF. In 1995, the emphasis was shifted to strengthening activities to prevent unexploded ordnance (UXO) accidents and to strengthening the medical and surgical treatment capabilities in Xieng Khouang province.

Development Challenge.

As Laos transitions from a centrally planned and controlled economy to a more market-driven environment, technical assistance, training, and investment in productive areas of the agricultural sector are needed. USAID is helping to build a strong market niche for the silk sector in targeted rural areas. Frequent UXO accidents in the northeast Lao provinces of Xieng Khouang and Houaphan are reminders of heavy bombings during the Vietnam War. USAID is strengthening UXO accident prevention in heavily affected northern provinces of Xieng Khouang, Houaphan, Savannakhet and Salavane, and is improving medical and surgical treatment for UXO victims in Xieng Khouang province.

Other Donors.

USAID coordinates its activities with Japan, Germany, Sweden, France, Australia, and Norway, which support activities in Laos focused on education, health, and rural development. The World Bank and the Asian Development Bank focus on the financial sector and state-owned enterprise reforms needed to create an enabling environment for private sector development.

FY 2002 Program.

Assistance in FY 2002 under LEAPSS will continue to focus on increasing the volume and profitability of silk production, focusing on Xieng Khouang and Houaphan provinces. The LWVF activity will continue to focus on medical and educational activities. These include upgrading the medical, surgical, and emergency services of district and provincial Lao medical personnel and institutions in Xieng Khouang Province, improving the technical capacity of the medical and surgical staff at provincial and district hospitals, and increasing UXO awareness among primary school children.

In addition to these programs, the Asia and Near East Bureau's Regional HIV/AIDS and Infectious Disease program is active in Laos, as is the Bureau's East Asia and Pacific Environmental Initiative,

which strengthens biodiversity conservation. A Global Bureau democracy and governance activity helps legal systems to operate more effectively and to embody democratic principles and protect human rights, and a Global human capacity development activity helps to increase the contributions of institutions of higher education to sustainable development.

ACTIVITY DATA SHEET

PROGRAM: Laos

TITLE AND NUMBER: War Victims and Displaced Children, 439-002

STATUS: Continuing

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$0

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$0

INITIAL OBLIGATION: FY 2000

ESTIMATED COMPLETION DATE: FY 2003

Summary: In 1990, USAID began providing assistance for the prosthetics and orthotics needs of the disabled in Laos through the Leahy War Victims Fund (LWVF). In 1995, the emphasis was shifted to activities to prevent unexploded ordnance (UXO) accidents as well as strengthening the medical and surgical treatment capabilities in Xieng Khouang province. Currently, the activity works with the Lao government to provide both educational and medical services. Since 1990, more than \$6.5 million has been provided under the Fund.

Key Results: As a result of the Fund-initiated UXO awareness program, the Laotian Ministry of Education has mandated that the primary school curriculum in four of the most heavily affected provinces—Xieng Khouang, Savannakhet, Hua Phan, and Saravanne—include a UXO awareness component, and other affected provinces are adapting the materials to their local situations. The Ministry will incrementally mandate the curriculum for all primary schools. Nearly 70,000 primary education students have successfully completed it. In addition, a provincial training network consisting of local medical professionals from the main teaching hospital in the capital, Vientiane, has been established and is meeting nearly all of the training and technical assistance needs of the provincial and district-level hospitals in the four, target provinces.

Performance and Prospects: This activity has made substantial progress both in reforming management systems and strengthening human resource development for the targeted hospital systems in Laos. Through the activity, multiple training programs have been conducted, involving locally developed training networks. Lower rates of long-term hospitalization and increased utilization of services reflect how provincial and district health personnel have upgraded their skills and abilities.

Under the education initiative, the activity has developed a provincial-level local curriculum on UXO awareness. It was one of the first local curricula accepted by the Ministry of Education and mandated for inclusion in all primary schools.

The organizational reforms pioneered at the provincial level in Xieng Khouang province are having impacts beyond unexploded ordnance awareness and the treatment of disabled persons. The activity has effectively transferred ownership for activities from Consortium-Laos (the World Education/World Learning partnership) to the Government of Laos and has established a practical model for decentralizing these authorities to the provincial level.

Possible Adjustments to Plans: None.

Other Donor Programs: UXO Lao, United Nations Children's Fund, United Nations Development Program.

Principal Contractors, Grantees, or Agencies: A consortium led by World Education and World Learning.

Selected Performance Measures:	Baseline (1995)	Actual (2000)	Target (2000)	Target (2001)
Medical, surgical, emergency personnel trained	0	165	55	200
	66			

Number of primary school children instructed in UXO awareness	300	67,680	61,000	75,000
Number of teachers trained to use UXO curriculum	0	2,124	1,800	2,500

ACTIVITY DATA SHEET

PROGRAM: Laos

TITLE AND NUMBER: Laos Economic Acceleration Program for the Silk Sector, 439-004

STATUS: Continuing

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$0

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$0

INITIAL OBLIGATION: FY 1999

ESTIMATED COMPLETION DATE: FY 2002

Summary: The Laos Economic Acceleration Program for the Silk Sector (LEAPSS) was initiated through a Congressional earmark. It builds on the development activities of the Lao American Crop Control Project. This program is premised on the observation that opium in the region is largely grown for economic security reasons. Yields from rice, the staple crop, are insufficient to feed farmer families. Opium is the best cash crop available to isolated farmers because of its high value and resistance to spoilage. Silk production has not reached its full potential due to inadequate roads and other transport systems, weak and fragmented information dissemination programs, understaffed agricultural extension services, protectionist policies, as well as technical and institutional constraints. Consequently, the production of high-quality Lao silk is insufficient to meet demand in Vientiane. Although they would prefer to use Lao-produced varieties, silk weavers in the capital must use imported silk.

Key Results: The objectives of this activity are to: (1) strengthen institutional capacity of local and national authorities to support private silk sector activities; (2) identify and address national policy issues that impede the development of the Lao silk industry; (3) build capacity for sustainable information development and dissemination that meets the needs of the Laos silk sector; and, (4) enhance the role of women in all components of the silk sector.

Performance and Prospects: The Government of Laos has given the Consortium-Laos (a World Education/World Learning partnership) formal authorization to implement the LEAPSS program, and program activities have commenced. Training of district and provincial government officials recently began, and a study tour of silk production in Northeast Thailand is being organized to demonstrate the role that government can play to support private development of the silk sector. Information is being collected to develop baseline data and performance monitoring. Plans are being drafted for media centers located in key villages to distribute technical information on sericulture and markets.

Possible Adjustments to Plans: None.

Other Donor Programs: None.

Principal Contractors, Grantees, or Agencies: USAID implements LEAPSS activities through a grant to World Education, Inc., the lead organization in the Consortium-Laos.

Selected Performance Measures: Selected performance measures are under development, but are expected to include improved production of raw silk and increased volume and productivity for existing silk enterprises.

VIETNAM

Introduction.

With 78 million people, Vietnam is the second most populous country in Southeast Asia, and the 14th most populous in the world. Its people are young, well-educated, and hard working. The Vietnamese focus on achieving economic modernization and prosperity in line with its neighbors fits overall U.S. strategic goals to promote economic prosperity through the development of markets and opportunities for U.S. businesses. Vietnam shows the potential of becoming a significant trading partner and an emerging market for U.S. products and services.

The United States also shares Vietnam's humanitarian concerns for disadvantaged groups such as those at high risk of contracting HIV/AIDS, the disabled, displaced children, and those susceptible to annual floods.

USAID's objectives of enhancing the environment for trade and investment and improving access to services for selected vulnerable groups are consistent with Mission Performance Plan goals in open markets, economic development, humanitarian assistance, and health.

Development Challenge.

Vietnam made steady progress in the 1990s to reduce poverty, but still faces many challenges. From 1993-1998, Vietnam decreased the proportion of the population below the poverty line from 58% to 37%. However, close to 80% of the population is rural, where the poverty level reaches 45%. Per capita income remains very low, at approximately \$370. The United Nations Development Program estimates that the infant mortality rate is 42 per thousand live births, and that 40% of the children under five are malnourished. Vulnerable groups are hit particularly hard: minorities in remote areas; victims of seasonal flooding; victims of injuries from the war or the mines that were left behind; orphans and displaced children; and people at high risk of contacting HIV/AIDS.

In the wake of the 1997 Asian financial crisis, Vietnam slowed the pace of economic reform, which discouraged the foreign investment activity that had pushed Gross Domestic Product (GDP) growth above eight percent between 1990 and 1997. Economic growth fell below five percent in 1999; however, the economy rebounded in 2000, with growth approaching seven percent, led by rising exports and assistance flows.

The economy's structural deficiencies still impede Vietnam's ability to compete effectively in the global economy. Within the past nine months, Vietnam has made significant commitments to the United States and to the International Monetary Fund (IMF) and World Bank to address its structural problems. The July 2000 signing of the U.S.-Vietnam Bilateral Trade Agreement (BTA) reflects the ongoing reconciliation between the two countries and provides a roadmap for Vietnam's integration into the global economy. The BTA commits Vietnam to broad economic reform, including new market access for agricultural and industrial goods; increased intellectual property rights protections; transparency of laws, rules, and regulations; and safeguards for foreign investment. Commitments that Vietnam is making under the BTA will pave the way for negotiations with other major trading partners. Vietnam's implementation of the BTA will help it prepare for accession to the World Trade Organization (WTO).

In May 2001, the IMF and World Bank are expected to approve major loans to support Vietnam's aggressive poverty reduction efforts. Under the program, Vietnam will broaden trade and investment reforms made under the Association of Southeast Asian Nations Free Trade Area and the BTA; bring its financial system into conformity with international standards; and rationalize state-owned enterprises. Inefficient state banks and state-owned enterprises have been a major impediment to economic growth.

Vietnam's private sector has the potential to become a vibrant competitor in global markets—this is clear from the high education levels and entrepreneurship of Vietnam's youthful society. The World Bank

calculates that Vietnam could earn another \$1.5 billion per year from exports alone after the BTA enters into force. To realize the potential development of its private sector and compete effectively in global markets, the Government of Vietnam must build an open and fair regulatory and legal framework. Good governance, openness, and transparency are preconditions for lasting economic growth.

Implementing reforms and unleashing the potential of the private sector is important for the youth of Vietnam, who constitute 60% of the population. About 1.2 million young people are entering the job market each year, with expectations of gainful employment and productive lives. State-owned companies cannot meet the demand for jobs, and the forces of global market integration make it difficult for state-owned enterprises to compete in the global economy.

USAID can play a significant role in helping Vietnam modernize. It can help Vietnam develop as a member of the world economy and open and liberalize its markets by learning and adopting principles of democracy. USAID also can provide health and humanitarian support that improves the quality of life for the poor and disadvantaged.

Other Donors.

The World Bank and the Asian Development Bank are active in modernizing the banking system and encouraging reform of state-owned enterprises. Other major bilateral donors assisting Vietnam include Japan, Australia, Denmark, Germany, Sweden, France, Belgium, the Netherlands, Switzerland, and the United Kingdom.

FY 2002 Program.

Activities in Vietnam will continue to focus on trade and investment and supporting vulnerable groups. USAID's objective in trade and investment is to help open Vietnam's markets and promote broad-based growth in Vietnam's developing and transitional economy. Through the U.S.-Vietnam Trade Council, USAID has helped the Government of Vietnam better understand and prepare for the reforms required under the BTA. Future assistance will help Vietnam fulfill requirements for the BTA as well as for eventual WTO accession. Through funding to Boise State University, USAID also helps the University's partnership with Hanoi's National Economic University to strengthen its business school. The program trains Vietnam's future economic leaders and helps the National Economic University offer high quality business education, training, and research on a sustainable basis.

USAID works to increase the physical, social and economic opportunities for vulnerable groups such as the disabled or orphaned children; to prevent or minimize the human costs of natural disasters; and to improve the health status of Vietnam's citizens. Through the Leahy War Victims Fund, USAID supports several activities that provide prosthetics, promote rehabilitation, and improve accessibility for the disabled. Assistance now is targeted at providing much-needed orthotics. Through the Displaced Children and Orphans Fund, USAID supports the increased social and educational mainstreaming of displaced or disabled children through training, community mobilization, vocational rehabilitation, and advocacy.

Through the Asia and Near East regional HIV/AIDS program, USAID helps Vietnam control the spread of HIV/AIDS by improving surveillance capacity, policy-based interventions, and prevention programs. Other non-bilateral initiatives in Vietnam include marine conservation initiatives for Con Dao National Park; strengthening biodiversity conservation in mainland southeast Asia; the Bureau for Humanitarian Response's activity demonstrating U.S. educational and medical technologies and practices; creating an enhanced environment for trade and investment; the Global Bureau's activities applying Internet technology in water resource management and developing a resource cities partnership program; and efforts to promote a clean environmental revolution in Asia through the United States-Asia Environmental Partnership.

Vietnam's annual floods cause both human and economic destruction. In addition to emergency relief assistance for flood victims through USAID's Office of Foreign Disaster Assistance, USAID is helping Vietnam minimize the impact of future disasters by establishing early warning systems to improve flood warning capacity in central Vietnam, including weather forecasting, natural disaster zoning maps, and TV/radio disaster warning systems. USAID anticipates establishing a similar system for coastal regions.

ACTIVITY DATA SHEET

PROGRAM: Vietnam

TITLE AND NUMBER: Enhanced Environment for Trade and Investment, 440-006

STATUS: Continuing

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$4,982,000 DA (\$1,500,000 NOA and \$3,482,000 FY 2000 carryover)

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$4,600,000 DA

INITIAL OBLIGATION: FY 1997

ESTIMATED COMPLETION DATE: FY 2005

Summary: To achieve sustainable growth domestically and compete internationally, Vietnam needs to move from a controlled, centrally-planned economy to one that permits freer and broader participation of the private sector. This process will require Vietnam to develop and implement a wide range of reforms that will permit greater participation in the world economy. This objective will enable USAID to respond as opportunities arise with the Government of Vietnam in the area of trade reform. This includes tariff and customs reforms, removal of non-tariff barriers, investment licensing and registration, intellectual property rights, market access, procurement reform, removal of anti-competitive policies, and improved accountability and transparency. The program specifically supports the implementation of the U.S.-Vietnam Bilateral Trade Agreement (BTA).

Key Results: With USAID-funded technical assistance, Vietnam developed a draft companies law designed to level the playing field for the private sector. This was incorporated into a broader enterprises law passed by the National Assembly in 1999. USAID-supported assistance to the Ministry of Trade contributed to acceleration of negotiations for the U.S.-Vietnam BTA, signed in July 2000.

Performance and Prospects: The trade and investment objective has two components: (a) trade and investment implementation support; and (b) university strengthening activities. In FY 2001, USAID plans to obligate approximately \$3.48 million for trade and investment-related activities and \$1.5 million for university strengthening.

The BTA is the most comprehensive bilateral trade agreement ever negotiated. It involves trade in goods and services as well as investment and intellectual property rights. Further, it requires Vietnam to undertake a broad range of reforms that, when implemented, will fundamentally change how Vietnam conducts business. These reforms include: substantial reductions in tariffs; transparency in government procurement; uniform implementation of standards, taxes, and dispute resolution; removal of quotas; market access rights; elimination of trade-related investment restrictions; and acceptance of World Trade Organization (WTO) rules on customs valuation, intellectual property rights, and trade in services.

USAID's trade policy activity under this objective provides technical assistance designed to give Vietnam a better understanding of the role that international standards and the rule of law play in underpinning a successful free market economy. The program familiarizes key Vietnamese officials with the policies, concepts, regulations, and benefits associated with commercial legal reform, particularly as they relate to trade in goods and services, investment, and intellectual property rights. The program helps Vietnamese government leaders understand the principles and commitments of international trade regimes and how existing laws and practices relate, and provides technical and substantive assistance in developing new laws and regulations that are compatible with international trade and investment norms and facilitate economic development.

USAID has provided technical assistance and training for various ministries and government offices responsible for Vietnam's economic integration. With ongoing support and participation from the private sector, the program provides comparative information on other U.S. trade and investment treaty partners and WTO members, particularly other transitional economies; facilitates strong awareness of detailed requirements for Vietnam's bilateral trade agreement with the United States and WTO accession; and identifies and builds capacity for legal reforms to ensure an effective transition for Vietnam's goals of international integration and a more market-based economy with effective regulation.

Presently, USAID is helping to identify and draft laws required to smoothly implement the agreement. USAID will continue to help Vietnam understand, develop, and implement the reforms required under the bilateral trade agreement, and will assist Vietnam in meeting the numerous requirements for eventual WTO membership.

USAID also supports efforts to strengthen higher education systems in Vietnam. For example, Boise State University has established a partnership with Hanoi's National Economic University to strengthen the latter's business school. The program trains Vietnam's future economic leaders and helps the National Economic University to offer high quality business education, training, and research on a sustainable basis. The University of Vermont is strengthening physician training in three Vietnamese hospitals.

Possible Adjustments to Plans: None.

Other Donor Programs: The World Bank policy agenda for economic growth focuses on: 1) creating a sound banking system; 2) reforming the state enterprise system; and 3) opening up international trade. The World Bank and the Asian Development Bank are active in modernizing the banking system and encouraging state enterprise reform. USAID's support for the BTA and related reforms complement these efforts by opening up international trade.

Principal Contractors, Grantees, or Agencies: The U.S.-Vietnam Trade Council; Boise State University; and the University of Vermont.

Selected Performance Measures:

	Baseline (1997)	Actual (1998)	Actual (1999)	Actual (2000)	Target (2001)
Companies Law enacted	No	Yes	Yes	Yes	Yes
Trade agreement issues resolved	0	5	20	15	--
Agreement-in-principle for the U.S.-Vietnam BTA	No	No	Yes	Yes	Yes
U.S.-Vietnam BTA signed	No	No	No	Yes	Yes
Trade and investment procedures approved	0	0	0	8	10

Note: These indicators track with the process of completing and implementing the U.S.-Vietnam BTA by reaching agreement in principle, resolving remaining issues surrounding the Agreement, formal signing of the Agreement itself, and developing and obtaining approval of trade and investment procedures.

ACTIVITY DATA SHEET

PROGRAM: Vietnam

TITLE AND NUMBER: Improved Access to Services for Selected Vulnerable Groups, 440-007

STATUS: Continuing

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$2,494,000 CSD

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$1,500,000 CSD

INITIAL OBLIGATION: FY 1991

ESTIMATED COMPLETION DATE: FY 2002

Summary: While accelerating economic liberalization and growth are key to Vietnam's future, it is important not to leave the disadvantaged behind. Under this objective, USAID helps improve opportunities for selected vulnerable groups to lead more productive lives. These groups include victims of the annual floods; victims of injuries from the war or the remaining landmines; orphans and displaced children; and people at high risk of contracting HIV/AIDS.

Under this objective, USAID utilizes resources from the Leahy War Victims Fund (LWVF), the Displaced Children and Orphans Fund (DCOF), the Asia and Near East regional HIV/AIDS program, and USAID's Office of Foreign Disaster Assistance (OFDA). This objective is consistent with Mission Performance Plan goals to prevent or minimize the human costs of conflict and natural disasters in the region, and to enhance the health status of the Vietnamese people through programmatic and policy support.

Key Results: The barrier-free access initiative of the LWVF resulted in a Government of Vietnam mandate to alter ongoing construction of the new Hanoi international airport to incorporate barrier-free design standards. DCOF funding helped spur the recent policy shift from institutional to community-based care for disabled children. The regional HIV/AIDS program supported the initiation of a condom social marketing program. In response to annual floods, OFDA provided assistance to construct 1,400 flood-resistant homes.

U.S. private and voluntary organizations help improve opportunities to war victims and children at risk through several USAID grants funded by the LWVF and DCOF. With LWVF funds, numerous U.S. design experts traveled to Vietnam to assess and advise how to incorporate barrier-free physical access for persons with disabilities into traditional Vietnamese construction techniques. LWVF also were used to upgrade the Bach Mai Hospital in Hanoi to address the increasingly large gap in orthotic services, especially for children. This facility, located at Hanoi's leading teaching hospital, will provide direct services to thousands of children annually and will house a mobile orthotic unit capable of taking services directly to beneficiaries. In addition, LWVF funds were used to introduce a newly-designed prosthetic foot that is stronger and more durable than those currently used in Vietnam. This is significant because the foot piece currently is the weakest component in the limb system, lasting only 6-12 months, as opposed to a mean wear of three years for other components. LWVF-funded assistance will continue to strengthen local capabilities to provide services to the disabled including improved policies and local prosthetic production capabilities.

Performance and Prospects: In FY 2001, USAID plans to obligate \$2.494 million in CSD (DCOF funds). Vietnam's DCOF-funded activities emphasize supporting children with disabilities. Over 295 children with hearing impairments have been identified through basic screening techniques, and over 250 teachers and government staff have been trained in how to mainstream these children into regular classrooms. Two key training manuals have been translated into Vietnamese and accepted by the Vietnamese government. The manuals are being used as core materials for courses in community-based rehabilitation. Two additional programs are underway: training trainers of elementary school teachers in inclusive education; and training non-formal education teachers in vocational rehabilitation for adolescents with disabilities. Future assistance will continue to emphasize mainstreaming of children with disabilities, leading to more productive lives.

USAID's regional HIV/AIDS program works closely with Vietnam's National AIDS Bureau to improve its capacity to implement AIDS prevention activities. The activity consists of ongoing support for condom

social marketing. At the national level and in four provinces, the activity supports communication for behavior change, sexually-transmitted disease case management, policy-based interventions, and peer education among high-risk groups, especially commercial sex workers and injecting drug users. These activities are notified under ANE's Regional HIV/AIDS and Infectious Diseases component of the "Stabilize Population Growth and Protect Human Health" objective.

As part of an accident prevention and treatment program, USAID will fund technical assistance to upgrade basic emergency medical service capabilities in one or more major urban areas; prepare a national safety plan; develop safety awareness materials and public service announcements; and support a national safety conference.

To mitigate the impacts of future floods, OFDA has supported the National Oceanic and Atmospheric Administration/National Weather Service's development of a proposal and implementation plan for a flood forecasting and early warning system for the Red River, and technical assistance by the U. S. Army Corps of Engineers in specialized construction techniques for flood control and mitigation. The U.S. Army Corps of Engineers visited sites in north, central, and south Vietnam, and is preparing a report with recommendations for improved river and sea dike management and construction. In FY 2001, OFDA will work through the United Nations Development Program and a multilateral disaster mitigation group to help develop flood-warning systems along Vietnam's coast and in three central river basins.

Possible Adjustments to Plans: None.

Other Donor Programs: USAID is the lead donor in providing assistance to the disabled. The World Bank and the Asian Development Bank are the principal donors in the health sector, providing over \$15 million for primary health care and nutrition, immunizations, family planning, and reproductive health care. The United Nations is a principal donor for humanitarian and food relief. Many bilateral donors are active in health and humanitarian assistance, particularly Japan, Australia, Germany, Netherlands, and Sweden.

Principal Contractors, Grantees, or Agencies: Vietnam Assistance to the Handicapped; Vietnam Veterans of America Foundation; Health Volunteers Overseas; World Vision Relief and Development; Catholic Relief Services; Pearl S. Buck International; Family Health International; International Federation of the Red Cross; National Oceanic and Atmospheric Administration/National Weather Service; the U.S. Army Corps of Engineers; United Nations Development Program; and the Population Council.

Selected Performance Measures:

	Baseline (1991)	Actual (1998)	Actual (1999)	Actual (2000)	Target (2001)
Orthopedic devices fitted/delivered	0	50,000	55,000	60,000	65,000
Children provided with critically needed services or protection	0	9,000	10,000	11,000	12,000
National Public Safety Plan developed	No	No	No	No	Yes

YEMEN

Introduction.

In May 1990, the Republic of Yemen was formed through the unification of the former Yemen Arab Republic in the north and the People's Democratic Republic in the south. Yemeni leaders then declared a democratic society with a multiparty political system, free press, and a broadening of individual freedoms. Shortly thereafter, the Gulf crisis erupted, resulting in the severing of Saudi and Kuwaiti aid and severe reductions in aid from western donors, including the United States. Also, 700,000 Yemenis who had been working in the Gulf were repatriated to Yemen. Despite these developments, Yemen proceeded with its democratization process and conducted a free, fair, and representative election in April 1993. However, the economic effects caused by the Gulf crisis, combined with government mismanagement, sharply heightened Yemen's economic plight and decreased its capacity to provide services to its citizens. Internal dissatisfaction resulted in political infighting and a two-month civil war in mid-1994. At the war's end, Yemen was once again united as a democratic nation, but its economy was shattered. However, Yemen continued its process of democratization. Improving Yemen's economic and political development will ultimately will have a positive influence in this important region of the world, and will serve the U.S. strategic interest of maintaining stability while supporting indigenous democratic efforts.

In 1995, the Government of Yemen (GOY) began to implement ambitious macroeconomic stabilization and structural adjustment programs with primary support and guidance provided by the World Bank and International Monetary Fund, assisted by a broad range of international donors. The objectives of these programs were to reduce fiscal imbalances and the resulting inflation while promoting a basis for economic growth. In 1997, the GOY began to implement medium-term economic reform programs. The objectives of these programs were to establish a permanent basis for accelerated and sustainable non-oil sector growth, reduce unemployment, improve the country's social indicators, strengthen the social safety net, maintain financial stability, and achieve external stability. The reform measures helped improve economic performance. The annual real Gross Domestic Product (GDP) growth rate averaged 4.4% from 1995 to 1999 and rose to 6.5% in 2000. (The real non-oil GDP growth rate for 2000 was 3.8% and the real oil GDP growth rate was 16.9%.) The fiscal deficit declined to an average of 3.3% of GDP for 1995-1999 despite the wide-ranging fluctuations in world oil prices, and in 2000 Yemen posted a substantial budget surplus of 9.4% of GDP. This large surplus resulted from a surge in revenue stemming from a 60% rise in world oil prices. Inflation (consumer price index) declined to single digit levels at 6% by 1997 and 8% in 1999—but reached 10.9% in 2000. Considerable improvements have been seen in the current account. The exchange rate stabilized after October 1995 in the range of Yemen Rials (YR) 124-128 to the dollar, but increased to YR 162 in 2000.

Development Challenge.

Despite the success that the GOY is achieving in its stabilization program, major economic and development challenges remain. The Republic of Yemen is among the 25 poorest and least developed countries in the world. Poverty in Yemen doubled between 1992 and 1998, with the number of households below the "food poverty line" rising from 9% to 17%. By including a broader range of minimum human requirements in the poverty line measure, the percentage of households living in poverty rose from 19% to 33% over the same period. Poverty is becoming more widespread among Yemen's 18.3 million people. Yemen's real GDP per capita is around US\$300. Yemen's illiteracy and infant mortality rates are among the highest in the world. Illiteracy is particularly high among women and girls—with 72% of females and 44% of males illiterate—although Yemeni women benefit from universal suffrage. Average life expectancy is 53 years. Persistent poverty in Yemen has contributed to its fertility rate of 6.4 children per mother, one of the highest in the world, and a resulting population growth rate of 3% per year. Extremely weak social and economic services and institutions have left Yemen's population underserved in these areas.

Water scarcity poses a severe challenge to the economic growth and development of Yemen, which has fewer water resources than any other country in the region. The water crisis is characterized by a depletion of groundwater, so that economic activity may become unsustainable in some areas. The country's most dependable source of fresh water is its net precipitation. Per capita water supply is about 2% of the world average and 85% below the amount needed for domestic use. Although agriculture depends mostly on rainfall, ground water has reached a state of over-exploitation. Competition exists between users of water resources. Some cities are unable to negotiate the transfer of water from rural areas. In addition to low access to safe water, Yemenis have limited access to sanitation. Just under half of the rural population have access to safe water while only 19% of the rural population have access to adequate sanitation.

While Yemen's stature as a young democracy grows and some of its macroeconomic indicators improve, the economy remains weak. While the GDP growth rate exceeded 6% in 2000, forecasts for the short term suggest that growth will slow in 2001, due to the slowdown in the U.S. economy and the general slowing of the world economy that is likely to impact oil demand and reduce crude oil prices.

Significant economic and sectoral reforms are needed to transform the Yemeni economy. The weakness of the business environment and the quality of assets diminish the interest of potential investors. The government's reluctance to implement reforms—in particular, privatization and civil service reform—stems largely from concerns over job losses, particularly with unemployment recorded at over 20% in 1999. Despite these problems, it is expected that the reform program to which Yemen, the IMF and the World Bank agreed in 1995 will continue to form the central framework of Yemen's economic policy. It is also expected that the GOY will implement selected reform elements in the short term, such as tax and customs reform. Future international assistance could be compromised, however, if the IMF interrupts cooperation with Yemen. International support is essential to fund a host of development projects vital to longer-term economic growth and development.

Other Donors.

The United States is not one of Yemen's principal donors. The World Bank is the largest donor, followed by the Netherlands, Japan, and Germany. The Bank's focal areas are: 1) public sector management, including civil service reform, budget reform and privatization; 2) attracting diversified private investment; 3) water management; and 4) poverty-oriented social sector improvements, particularly basic education for girls. The latter two foci receive the overwhelming majority of donor support. All major donors recognize and reflect in their programs the importance of water management, health, and education (particularly girls' education). The World Bank is almost alone in helping improve Yemen's public sector management.

FY 2002 Program.

USAID has completed the preliminary design of its new Yemen program, to be initially funded using FY 2001 money, with implementation carrying over to FY 2002. USAID will program \$2 million of the total \$4 million available (FY 2001 funds) for health and education activities, in support of integrated community development at the district level. The remaining \$2 million will fund a scholarship program administered by the U.S. Department of State's Bureau for Educational and Cultural Affairs. USAID will work with the Department of State to program the \$5 million planned for FY 2002. It is expected that some of the FY 2002 funds will be programmed to strengthen and extend the health and education activities designed and initiated during FY 2001.

Given the small size of the proposed U.S. Government program, USAID will seek to enhance the impact of its proposed interventions through effective coordination with other donors.

In addition to the Asia and Near East Bureau's program, USAID's Global Bureau implements a number of activities, including: elections assistance, strengthening the rule of law, advocacy for women's rights; and promoting the voluntary use of contraception.

ACTIVITY DATA SHEET

PROGRAM: Yemen

TITLE: Broad-Based Economic Growth, 279-XXX

STATUS: New

PLANNED FY 2001 OBLIGATION AND FUNDING SOURCE: \$3,986,000 ESF

PROPOSED FY 2002 OBLIGATION AND FUNDING SOURCE: \$5,000,000 ESF

INITIAL OBLIGATION: FY 2001

ESTIMATED COMPLETION DATE: FY 2003

Summary: USAID recently completed the preliminary design of a new Yemen program that will be initially financed using nearly \$4 million in FY 2001 funds, with implementation carrying over to FY 2002. USAID will program \$2 million of the \$4 million for health and education activities to support integrated community development at the district level. The remaining \$2 million will fund a scholarship program administered by the U.S. Department of State's Bureau for Educational and Cultural Affairs. USAID will work with the Department of State to program the \$5 million ESF planned for FY 2002. It is expected that some of the FY 2002 funds will be programmed to strengthen and extend the health and education activities designed and initiated during FY 2001.

Given the small size of the proposed U.S. Government program, USAID will seek to enhance the impact of its proposed interventions through effective coordination with other donors.

Key Results: To be determined.

Performance and Prospects: To be determined.

Possible Adjustments to Plans: To be determined.

Other Donor Programs: The World Bank is the largest donor, followed by the Netherlands, Japan, and Germany. The World Bank's focal areas are: 1) public sector management, including civil service reform, budget reform, and privatization; 2) diversified private investment attraction; 3) water management; and 4) poverty-oriented social sector improvements, particularly emphasizing basic education for girls. The latter two foci receive the overwhelming majority of donor support. All major donors recognize and reflect in their aid programs the importance of water management, health, and education (again, particularly girls' education). The World Bank is almost alone in helping improve Yemen's public sector management.

Principal Contractors, Grantees, or Agencies: To be determined.

Selected Performance Measures: To be determined.